

CURRENT HISTORY

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OCTOBER, 1990

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Current History

OCTOBER, 1990

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In the year 1989–1990, the Soviet Union has witnessed the crumbling of its Eastern bloc and the rapid deterioration of conditions within its borders. This issue reviews the effect of these changes on the Soviet Union. As our lead article explains, “The world has changed in one year. The United States and the Soviet Union are still global superpowers, at least in military terms, but reductions in East-West tensions and political change in East Europe have greatly accelerated trends in international affairs away from military power.”

Soviet-American Relations: The Cold War Ends

BY LAWRENCE T. CALDWELL

Professor of Political Science, Occidental College

On July 16, 1990, Soviet President Mikhail Gorbachev and West German Chancellor Helmut Kohl emerged dressed in cardigan sweaters and smiling broadly from their meeting at a resort in the Caucasus mountains. Their relaxed demeanor replicated the informal diplomatic style assiduously cultivated by recent American Presidents, a style designed to communicate confidence, friendliness, even an image of alliance rather than adversarial relations.

Their smiles were well deserved. They had just concluded agreements ending months of intricate bargaining and maneuvering first over whether the Soviet Union would sanction a reunited Germany, and then whether a unified Germany would become a member of the North Atlantic Treaty Organization (NATO). President Gorbachev had made an important concession: the new Germany could join NATO and Soviet troops would be withdrawn from their East German bases within “three to four years.” Even more dramatic was the statement by Chancellor Kohl at that same news conference that after reunification “all the rights and responsibilities of the Four Powers will end.” There in the Soviet Caucasus mountains, a West German Chancellor and a Soviet President had brought to an end the bitter struggle over a peace treaty ending World War II—a settlement that had divided the victorious allies of that war for 45 years, had shaped the societies of victors and vanquished alike and had several times brought the world to the brink of another world war.

The absence of the President of the United States gave the Soviet-German summit special meaning.

Indeed, the next day in Washington, D.C., President George Bush carefully sanctioned the outcome of the Kohl-Gorbachev agreement and claimed some of the credit. Nonetheless, the meeting in Zheleznovodsk symbolized a changing world. For Gorbachev it represented the culmination of five years of hard work to ease the confrontation in Europe between NATO and the Warsaw Pact (the alliance of Soviet bloc states), and it affirmed his recognition that the forces of history that he himself had kindled in East Europe were moving at a pace and in a direction that he could no longer resist.

The agreement also symbolized new realities for Washington. Throughout the preceding year, President Bush’s administration had reacted to developments initiated elsewhere. American power seemed very much on the sideline, or at least in the background. The revolutionary changes of 1989–1990 began in Moscow, Prague, Budapest, Bucharest, Warsaw and Berlin. Although the President of the United States seemed reduced in stature by these history-making events, George Bush and Secretary of State James Baker radiated a kind of calm and competence that reassured their own citizens and those of allied states as well.

While Washington seemed almost peripheral to the drama of the past year, Moscow was at its center. President Gorbachev had spun a web of change, and although he could not control every event that landed in it, no one doubted that he was the pivotal figure. His agenda seemed richer with critical decisions and the pace of his activity seemed greater than any figure in modern history.

In these 12 months, Gorbachev conducted two

summits with President Bush, led two meetings of the Warsaw Pact's Political Consultative Committee, supervised four ministerial meetings between his foreign minister and the United States secretary of state and visited Paris, Italy, Finland and the United States. This pace of foreign policy was nearly unprecedented for a leader of a major power. What choice did he have? He began the year with an East Europe shaking but still standing on the foundations laid by the Red Army in 1945. He ended it by tolerating and at times apparently even condoning a transition from communism to democracy and capitalism, from the Baltic to the Adriatic. For many months he fought German reunification, then insisted that if Germany must be reunified, it must at least be neutral in a larger European security framework; he ended by agreeing to the creation of a unified and potentially hegemonic Germany that would be part of NATO. He began with his troops firmly rooted in East Germany, Poland, Czechoslovakia and Hungary and ended with agreements to withdraw all Soviet troops to Soviet soil. Rarely, if ever, has a world power experienced such a transformation in 12 months.

The magnitude and pace of these changes in foreign policy were not what drove Gorbachev's calendar. The challenges and changes at home were even more formidable.* It is not surprising, therefore, that Soviet-American relations, while continuing to be important, could not be Mikhail Gorbachev's chief preoccupation in his year of fire. Nonetheless, on this front, he and President Bush made important advances. From Gorbachev's perspective, his "new thinking" in foreign policy was designed to create the "breathing space" he needed to nurture his revolution at home. Central to his foreign policy were his stunning initiatives to reverse the Western image of the Soviet Union as the enemy, a perception that created formidable opposition and had what the current Soviet leadership sees as counterproductive consequences for Soviet power.¹

AT THE CENTER OF THE WEB

Gorbachev's revolutionary foreign policy, his effort to transform the international system to one less threatening to Soviet interests and thereby to reduce the costs of superpower status, stretched in many directions from Moscow. Soviet leaders made careful progress in relations with China; continued to nudge their Afghan, Vietnamese and Cuban al-

lies toward less belligerent policies; worked behind the scenes to achieve their aims by diplomacy in the Middle East and Southern Africa, and even seemed to move very slowly toward some kind of accommodation with Japan.

The reduction of armed forces that received so much attention in Europe was paralleled by a draw-down of Soviet forces in Asia, along the Chinese border. While important, these manifestations of the "new thinking" proceeded almost routinely during the year. Driving Moscow's foreign policy agenda were four issues: the transformation of East Europe; the partially derivative but increasingly central issue of Germany's reunification; a growing unease in the Soviet military about the effects of these changes on national prestige and power; and continued efforts to reduce strategic and conventional armaments. The last of these, long the centerpiece of Soviet-American relations, became inextricably entwined with the other three.

East Europe ablaze. While they could not have anticipated the pace or scope of changes in East Europe, Kremlin leaders can hardly be accused of being caught by surprise. Their expectation that radical changes would have to come within the Warsaw Pact-allied states derived from their own appreciation of the crisis at home. Certainly, Soviet intelligence on East Europe was broad-ranging. Popular dissatisfaction with economic conditions and the partially consequent alienation from the political leaderships of East European Communist parties must have been recorded by diplomats, the KGB (Committee on State Security, the Soviet intelligence apparatus) and even by commanders of Soviet forces stationed on allied soil. Gorbachev understood that reform had become inevitable, and he no doubt began the year believing that reforms in other Warsaw Pact countries could follow Soviet patterns. He saw the Soviet role as encouraging reform, even to the point of pressuring conservative leaders to make changes or to step down.

Europe was treated to a classic Gorbachev performance when he visited Paris on the 200th anniversary of Bastille Day and the French Revolution. He stressed "our common European home" and drew parallels between the French and Russian revolutions. At a news conference with French President François Mitterrand at the Elysée Palace, Gorbachev was asked about changes in Poland and Hungary. He responded, "How the Polish people and the Hungarian people decide to structure their societies and lives is their affair." But he went on to argue that his interviewers had too narrow a sense of what was happening in the east, that the transformations would go beyond those two countries and that those societies would continue along a socialist path. He joined the Parisian crowds in celebration

*For details on Soviet domestic politics, see the article by Lars Lih in this issue.

¹For a discussion of this line in Soviet policy, see articles by this author in the October, 1987, and October, 1988, issues of *Current History*; see also articles by Paul Marantz in the October, 1988, issue and by Coit D. Blacker in the October, 1989, issue.

and debated the feared French intelligentsia at the Sorbonne.

In case anyone had missed his message, he followed his tour de force in Paris with a speech at the Council of Europe in Strasbourg, in which he stated plainly that "any interference in domestic affairs and any attempts to restrict the sovereignty of states—by friends, allies or any others—are inadmissible."² He had laid to rest the infamous "Brezhnev Doctrine," by which Soviet suppression of the Prague Spring had been justified in 1968.[†] His trip was wildly successful, as he had undoubtedly intended his themes to be, and he nailed down his policy by stopping in Bucharest for a Warsaw Pact Political Consultative Committee meeting on July 7–8. There he met with his host, hardliner Romanian President Nicolae Ceausescu (who would be executed before the year was out) and the new liberal Hungarian leader, Rezső Nyers.

In Bucharest, Gorbachev restated his commitment to "noninterference," and almost certainly pressured the conservative leaderships of East Germany, Romania and Czechoslovakia to begin reforms.³ Thus in a sense Gorbachev was ahead of the revolutionary processes that swept East Europe in the fall of 1989.

These views were harshly tested in the fall. But Kremlin policy did not waver. Gorbachev visited the German Democratic Republic (East Germany) in early October, apparently with the goal of pressuring Berlin for reforms in response to a growing exodus of East Germans.⁴ That attempt failed,

[†]In 1968, Leonid Brezhnev declared that the Soviet Union would regard any "threat to socialism" in its satellites, including internal liberalization, as sufficient justification for invasion.

²As delivered on Moscow television, translated by Foreign Broadcast Information Service, *Soviet Union Daily Report* (hereafter, FBIS), July 7, 1989, pp. 29–34.

³The theme was repeated in the communiqué of the meeting; see *Pravda*, July 9, 1989, pp. 1–2. For a sampling of his meeting with other Warsaw Pact leaders see FBIS, July 10, 1989, pp. 3–6; and *ibid.*, July 11, 1989, pp. 4–6.

⁴See *The New York Times*, October 7, 1989. Gorbachev stressed the need for reforms throughout his visit. See, for example, his speech at the 40th anniversary celebration of the German Democratic Republic (GDR), *Pravda*, October 7, 1989; and *ibid.*, October 8, 1989, p. 1. Within two weeks the East Germany party chief, Erich Honnecker, had been replaced by Egon Krenz.

⁵The themes of his July visit to France were repeated throughout the trip and committed to a joint Soviet-Finnish communiqué. See *Pravda*, October 27, 1989, p. 1.

⁶President Bush supported pledges of economic support for Poland and Hungary by the Western economic powers at the Group of Seven Paris summit in July. He had prepared for that meeting by visiting Poland and Hungary from July 10 to July 17.

⁷United States Department of State, Bureau of Public Affairs, "Points of Mutual Advantage: Perestroika and American Foreign Policy," *Current Policy*, no. 1213 (1989). For the Dallas speech, see the *Washington Post*, March 31, 1990, p. 7.

and within weeks the governments of East Germany and of Czechoslovakia had fallen, sweeping the Communists from power. Nonetheless, Gorbachev used a trip to Finland, October 25 to October 27, to reiterate the framework of his policy at the height of the crisis. He announced another unilateral reduction of his forces, this time nuclear submarines in the Baltic, and he signed a document that stated:

There can be no justification for any use of force: whether by one military-political alliance against another, or within such alliances, or against neutral countries by any side.⁵

The crisis and Gorbachev's tenacious hold on a policy that professed noninterference placed Washington in a delicate position. President Bush had visited Hungary and Poland in July, shortly after Gorbachev's trips to France and Romania.⁶ Washington intended to show support for democratization in the two countries that were leading reforms in the summer of 1989. But President Bush was also forced to be cautious. Gorbachev's policy served traditional American interests in the region, and the Bush administration was careful not to interfere in a way that would give Gorbachev's opponents at home additional grounds for attacking him.

Secretary of State James Baker acknowledged the changes in Soviet policy during a speech to the Foreign Policy Association in New York on October 16, 1989, and reaffirmed American support for developments in both Soviet domestic and foreign policies in a major address to the Dallas World Affairs Council on March 30, 1990.⁷ With respect to the revolution in East Europe, American and Soviet interests had been placed on parallel tracks. The real test, of course, would come in the rapidly evolving push for German reunification.

Germany: back to center stage. As the largest political, economic and military power in Central Europe, Germany has historically represented the first priority of Czarist, then Soviet foreign policy. After the 1917 revolution, Moscow signed its first important diplomatic agreements with the defeated Germans. The 1930's had been preoccupied by rising Nazi power. In 1941 came World War II, when Soviet fate hung by the slenderest thread in the trenches around Leningrad, Moscow and Stalingrad. Victory did not eliminate the "German problem" for the Soviet Union, and the very creation of the Warsaw Pact in 1956 came as a consequence of Soviet inability to prevent the integration of West Germany into NATO. In some senses, that step by the Federal Republic of Germany (West Germany) stabilized Soviet concerns, but at the price of a highly concentrated military confrontation along the inter-German border, where the best troops of

the Red Army faced powerful American, British and German forces in an always volatile mix from the late 1950's to 1990.

Germany was the severest test for Gorbachev's "new thinking," just as it had been for V.I. Lenin's, Joseph Stalin's, Nikita Khrushchev's and, in the early 1970's, even Leonid Brezhnev's foreign policy. Gorbachev recognized the challenge. He could not alter the Western perception of the Soviet Union as an "enemy" unless he could do it in Germany. He could not control the arms race unless he could reduce the military confrontation in the center of Europe. And he could not transform the Soviet economy unless he could accomplish these political goals. To that end, he announced his dramatic, unilateral reduction of Soviet armed forces by 500,000 troops in December, 1988. His policy seemed to be working when East Germany collapsed in November, 1989. Then Moscow was presented with an entirely new set of problems. What would the new East Germany be like? For a time, Soviet leaders seemed to think it could remain in-

dependent of its larger, more prosperous neighbor.⁸ But events soon left these ideas behind, and by February, 1990, hints came from Moscow that it would not attempt to block German reunification.⁹

The United States was caught by surprise in November and December, 1989, and its policy toward reunification trailed Bonn's by a considerable margin.¹⁰ In this case, however, "bumbling through" proved a virtue, because each passing week made it more apparent that Germany would be reunited. During the weeks between Secretary Baker's and Chancellor Kohl's visits to Moscow in February, 1990, and the late spring, the issue had shifted. While President Gorbachev did not explicitly endorse a reunited Germany, Soviet policy implicitly accepted that outcome and moved steadily closer to endorsement.

The issue then was how a reunited Germany would fit into the European security context. The Soviet Union insisted that a reunited Germany be "neutral," or be part of a broader security arrangement under the auspices of the Conference on Security and Cooperation in Europe (CSCE), or belong to both NATO and the Warsaw Pact.¹¹ The West Germans themselves and the Bush administration vacillated. Opinion was divided on this critical question in Washington and Bonn until Chancellor Kohl's visit to Washington in mid-May.¹² Then, American and German policy coalesced into insistence on German membership in NATO. The rush toward reunification, public opinion in both East and West Germany and the lack of any alternative drove politics inexorably in this direction.

Still, a deal was not inevitable. Complicated international politics had to come together in June, 1990. Gorbachev hedged on the German question at his joint news conference with President Bush at the Washington summit on June 3. Reports suggested that the two Presidents had remained at odds on the question of German membership in NATO. But NATO's foreign ministers met at Turnberry, Scotland, on June 8 and the NATO Council adopted the London Declaration on July 6, which proclaimed the end of the cold war.¹³ In parallel, the European partners of the United States pressed hard for an agreement among the world economic powers to provide direct assistance for Soviet perestroika. While President Bush dragged his feet on endorsing an aid program,¹⁴ he was clearly outside

(Continued on page 343)

⁸See, for example, Soviet Foreign Minister Eduard Shevardnadze's speech at NATO on the very day that the two German leaders agreed to open gates in Berlin. In Brussels he talked unequivocally about "two sovereign German states," reminded his listeners of Soviet sacrifices against Germany in World War II and argued that the two postwar alliances were not instruments of stability in Europe. The foreign minister resisted a unified Germany well into the new year.

⁹The best evidence came in comments by Secretary Baker following his early February trip to Moscow; see *The New York Times*, February 10, 1990, pp. 1, 6; and Gorbachev's lengthy interview with *Pravda*, February 21, 1990, pp. 1-2.

¹⁰To get a sense of the Bush administration's cautious approach to the German question, see reports of President Bush's news conference at the NATO meeting after the Malta summit, *The New York Times*, December 5, 1989, pp. 1, 8; also Secretary Baker's speech to the Berlin Press Club on December 12, *The New York Times*, December 13, 1989, p. 10; and the Bush interview with *Newsweek*, December 18, 1989, p. 24.

¹¹The movement in the Soviet position from resistance to acceptance of German unity was starkly evident in two separate Ministry of Foreign Affairs statements on these questions on February 24 and March 13. See FBIS, February 26, 1990, p. 1; and March 14, 1990, pp. 2-3. The position had evolved three weeks later. *Izvestia*, April 8, 1990, p. 5.

¹²The administration's position had firmed on the role that NATO would play in the future of Europe by the time of the President's speech in Stillwater, Oklahoma, on May 4; the Bush-Kohl agreement came on May 17.

¹³The Turnberry meeting was of foreign ministers, see the *Washington Post*, June 9, 1990, p. 14; and for the London Declaration, see *The New York Times*, July 7, 1990, pp. 1, 4. For excerpts see "London Declaration on a 'New Europe'" in this issue.

¹⁴See coverage of the Houston summit of the Group of Seven (the United States, Japan, West Germany, France, Britain, Italy and Canada), *The New York Times*, July 8, 1990, pp. 1, 8; for the economic declaration, see *ibid.*, July 12, 1990, p. 11. For coverage of disagreement over aid to the U.S.S.R., see *ibid.*, July 11, 1990, pp. 1, 5.

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"To the tensions inherited from the past are added the frustrations engendered by today's economic and political crisis. The most obvious response is mutually destructive measures of self-protection. . . . It is the race between breakdown and renewal that will decide the fate of Soviet society."

Soviet Politics: Breakdown or Renewal?

BY LARS T. LIH

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It is not easy to bring a picture of Soviet politics today into focus—like an optical illusion, it seems to shift even as we look at it. At one moment, we see a momentous renewal that is bringing a great country back into the mainstream of world civilization. In the next moment, we see a massive economic and political breakdown that threatens civil war.

One reason for this confusion is the pace of events. Several years ago Sovietologist Robert Tucker wrote that "history is on the move again in the Soviet Union"; today, history has been galloping at a frantic pace. Outside observers could not figure out the new rules of the game—but then, neither could the players themselves. Soviet politics seems to be a form of Bill Watterson's Calvinball, where the only rule is that the same rules are never used twice.

But perhaps the basic reason it is so difficult to achieve a focused picture is that the forces leading to renewal and breakdown are inextricably intertwined. The central question confronting Soviet politics today is whether the transition to a renewed society can be made without a collapse of civil order. The answer depends on the creative efforts of Soviet citizens.

The paradoxes of Soviet politics start with the Communist party. On the one hand, it is still the ruling party; on the other hand, the party clearly revealed itself in the course of the year to oppose the course set by the country's political leadership. To understand how this came about, we need to take a brief look at the historical role of the party.

The Soviet system is usually described as all-powerful. In reality, the system itself has been very weak. Basic state institutions like legislatures and the judiciary have had little independence, and even the bureaucracy has often been content to turn over local affairs to self-perpetuating elites.

The party, which served as the rubber band that held this shambling structure together, provided an arena for conflict resolution, imposed a modicum of central priorities and allowed for emergency reactions to the constant stream of foul-ups.¹ (The party played a similar role in the economy. Under the facade of "central planning," the system was a patchwork of negotiation and improvisation conducted primarily through party channels.)*

This system may have had some excuse in earlier days when political unity was threatened from within and without, and the human resources for a competent bureaucracy were desperately scarce. But it is clearly incompatible with the Soviet reformers' vision of a market society, which requires first and foremost some predictability from the political system. The switchover to a new political system would be easy if the party were merely a self-serving elite that could easily be kicked out. Since the party as an institution made a vital contribution to holding the country together, however, the reformers' task was more challenging. If the party disintegrated before new structures were ready to take its place, the country might become ungovernable.

In Western society the process of separating church and state stretched over centuries. In the Soviet Union, the principal steps toward separating party and state took little over a year. It was only in the beginning of 1989 that there was any questioning of the role of the party in the Soviet press. Looking back, it can be seen that the first steps had already taken place in 1988, when President Mikhail Gorbachev announced plans for a new national legislature. This complicated two-tier structure began to operate in the spring of 1989 and immediately became the focus of political attention.

Parallel to the new role of the national legislature there was a gradual leaching of authority from party structures to state structures. At the top, the most vivid symbol of this process was Gorbachev himself, who defined himself more and more as head of state rather than as head of the party. In the spring of 1990, the new elective office of President was created. Although Gorbachev became the new Presi-

*For details on the economy, see the articles by Marshall I. Goldman, Karen Brooks and Judith McKinney in this issue.

¹A glimpse at how the party functioned can be found in Boris Yeltsin's *Against the Grain: An Autobiography* (New York: Summit Books, 1990).

dent only by vote of the national legislature, a commitment was made to a nationwide election after the first five-year term. Accusations at home and abroad about Gorbachev's grab for power missed entirely the revolutionary change in the source of his power.

As the state waxed, so the party waned. Traditional top party bodies like the Secretariat and then the Politburo began to meet less and less frequently. In the summer of 1990, the Politburo was transformed into an unwieldy institution whose main aim seemed to be to give a voice to the non-Russian republics. Gorbachev's top advisers, Aleksandr Yakovlev and Eduard Shevardnadze, simply left the Politburo on the assumption that their position in the new presidential Cabinet gave them a more secure base of authority.

This process was formalized in the spring of 1990 by the removal of Article 6 of the Soviet constitution, which guaranteed the Communist party's monopoly of power. The many alternative political parties that had been gestating at an embryonic stage now began to come forth openly. At lower levels, action was taken directly against the party's increasingly anachronistic privileged position within economic enterprises. For example, after striking miners announced that party committees added nothing to mining operations, they simply threw the committees out. The issue of the party presence in the military and in law enforcement agencies also moved to the center of the political agenda.

The anomalous position of the Communist party was on display at the twenty-eighth congress in July, 1990. Rarely has an organization so clearly had little use for the leader, and the leader so clearly had little use for the organization. After a week or so of criticism, Gorbachev told the congress:

We must put an end to sectarian moods, put an end to this monopoly forever, erase its vestiges from the mind of party workers and all Communists. . . . Believe me, the party's success depends on whether it realizes that this is already a different society. Otherwise it will be pushed to the margin by other forces, and we shall lose ground.²

As yet, neither leader nor organization saw a better alternative; so Gorbachev consented to remain party leader as well as head of state, and the congress agreed to elect him. But like a marriage held together only by thoughts of the children and the house, there was no love in it.

²*The New York Times*, July 11, 1990.

³S.N. Prokopovich, cited in Lars T. Lih, *Bread and Authority in Russia, 1914-1921* (Berkeley: University of California Press, 1990), p. 117.

⁴Igor Klyamkin, *Ogonek*, no. 5 (January 27, 1990), pp. 5-8.

At the twenty-eighth party congress, Aleksandr Yakovlev told the assembled delegates that the reform process would go on with the party or without it. Yegor Ligachev, the main defender of the party's traditional role, responded by asserting that the country was in great need of political stability and that perestroika would fail if a crippled party was not able to give it leadership. Ligachev had a point. The marginalization of the party contributed to a disintegration of central authority that threatened to make the country ungovernable. This disintegration took two main forms: regional independence and ideological intransigence.

The most vivid manifestations of regional independence were the secession movements in the non-Russian republics (discussed elsewhere in this issue). But much of the power of these movements came from an underlying drive for protection from the consequences of a society-wide economic crisis. In 1917, when a similar process was going on, a politician remarked about regional separatism:

What do they want? They want to remain intact in that sea of anarchy that is flooding the country; they want to save themselves, like an island.³

National identity provides an excellent basis for setting up these islands of order and deciding who gets in and who does not, but it is far from necessary. A basic plank in the platform of the reformers who took over the Leningrad city council in 1990 was to make Leningrad a "free economic zone."

The diffusion of authority to regional "popular fronts" and local reform coalitions can complicate the task of building a new society-wide authority. A large-scale opposition organization along the lines of Polish Solidarity would find it hard to survive in an environment of nationalism and other forms of separatism. Separatist searches for protection from economic crisis also accelerated the economic breakdown. One Soviet reformer argued that the strategy of economic sovereignty was no more than an invitation to economic civil war.⁴ Even national identity, which might provide a secure basis for social unity in a few places like Lithuania or Armenia, would in most places lead to increased ethnic conflict. How could reform proceed in an atmosphere of mutual recrimination and frequent bloodshed?

Authority also disintegrated along the ideological spectrum. New parties ranged from monarchists to liberal democrats to Marxist fundamentalists. Ideological splintering could also be observed within the Communist party—an unprecedented development, since the counterpart of a ban on political organizations outside the party was a ban on independent factions within the party. Reformers

joined together in the Democratic Platform and agonized aloud about whether or not the party was past hope. At most, the Democratic Platform was in, but not of, the party; and after the party congress the Democratic Platform became the nucleus of a new party. Party conservatives also found a new organizational form. Unlike all the other republics, the Russian republic never had a separate section of the Communist party. In 1990, a Russian Communist party (as opposed to the Communist party of the Soviet Union as a whole) was created and quickly became a bastion of hardliners.

POLITICS OF SUSPICION

It was not merely the many new organizations that created an obstacle to a broadly based authority; a polarization of attitudes also prevented compromise and cooperation. One form taken by this polarization can be called the politics of suspicion. Each side not only disagreed with its opponents but also accused them of sabotage and conspiracy. On the extreme right, groups like the notorious Pamyat (Memory Society) advanced anti-Semitic theories that accused the Jews (along with the Freemasons) of selling out the 1917 revolution or of responsibility for the revolution in the first place—it was not always clear which. Pamyat took to breaking up meetings of liberal intellectuals by force, thus adding nasty violence to an already strained situation. More commonsensical Soviet conservatives accused the post-glasnost Soviet media of being the Soviet equivalent of nattering nabobs of negativism (United States Vice President Spiro Agnew's description of the American press during the administration of President Richard Nixon).

The left's variant of the politics of suspicion was described by a new Russian word—*populizm*—that has more negative connotations than its American counterpart. The strategy of Soviet populism was to turn broad popular disgust with the failure of the system and the arrogance of the elite into an all-purpose accusation that “the apparatus” was responsible for every ill. The best symbols of Soviet populism were the ex-prosecutors Nikolai Ivanov and Telman Gdlyan. These two had been involved in anticorruption investigations during the Leonid Brezhnev era and had made plenty of enemies by their revelation of wrongdoing and their dubious, freewheeling methods. When the establishment turned on them, they responded by accusing Politburo member Yegor Ligachev and finally even Gorbachev of taking bribes. They could make these charges with impunity because their extremely wide popularity allowed them to become parliamentary deputies with legal immunity. A commission set up by the national legislature and headed by former dissident Roy Medvedev found their accusations to

be unfounded, but any statement emanating from the elite had little or no credibility with the populists.

The destructive effects of the politics of suspicion were compounded by the politics of principle. In American political culture, politicians are expected to rise above principle and work with people with whom they strongly disagree in order to get the job done. In Soviet political culture, freedom is often seen as the chance to insist on principle and refuse even to shake the hand of one's opponent. Part of the contempt for the party apparatchik is aimed at the organization man required by any large bureaucracy. The Soviet intellectuals have lived so long without any power that opposition comes much more easily to them than support, and they are eager to denounce a leader who sells out his principles by cooperating with the other side.

AUTHORITY AND LEADERSHIP

The disintegration of authority and the possibility of political breakdown are dramatic occurrences that have caught the attention of outside observers. Many people both inside and outside Soviet society see no other outcome except the breakup of the Soviet Union, civil war or an authoritarian end to the chances for reform. But forces working in the opposite direction are laying the foundation for a new, broadly based authority. These positive forces are harder to discern and more ambivalent in their operation. Nonetheless, they exist and should be considered before analysts consign the Soviet Union to perdition.

Consider first three leaders of genuinely national significance: Mikhail Gorbachev, Boris Yeltsin and Yegor Ligachev. During the past year, the heart of Gorbachev's reform goals could be encapsulated in one word—the market—with all that this implies in terms of high productivity, the rule of law and openness to the world. People are less and less interested in whether or not such a goal can be described as “socialist.” Several observers have noted that the word market (*rynok* in Russian) has acquired almost mystical connotations in the Soviet Union. To Soviet citizens, the market is such a symbol for contemporary world civilization that to achieve a market society will mean that the Soviet Union has rejoined the world. Above and beyond the economic perils and prospects promised by the actual market, the idea of the market has great integrative force because of the weight of the world consensus behind it. Gorbachev's other core value is his determination to move to his destination without letting the country fall into either civil war or national separatism.

According to the conservatives, Gorbachev is responsible for the parlous condition of Soviet society.

He has destroyed everything that held the Soviet Union together: the moral power of the socialist ideal, patriotic pride in the country's past and its armed forces, the economic integration of the centralized economy and the political integration of the party-state. As one conservative is reported to have said, after Gorbachev is through, Russia will be no bigger than the blotch on Gorbachev's forehead.⁵

Many radicals dismiss Gorbachev as a has-been who has unleashed processes that go beyond the comprehension of someone trained in the old system. They resent the West's fascination with Gorbachev and argue that at best he is irrelevant to the real processes of reform. At worst, his fear of social disruption makes him temporize on reform and try vainly to buy off the conservatives. According to the radicals, Gorbachev remains in power only because the left and right ends of the political spectrum cancel each other out. But all the political initiative comes from the extremes and not from the dynamic center.

The Gorbachev loyalists retort that for all his caution, he always lands finally on the reformist side and in fact has carried out reforms of unprecedented scope. They argue that events like the Lithuanian impasse do not show Gorbachev's impotence but his strength: to date, no tanks have rumbled down the streets of Vilnius. The radicals should remember that Gorbachev is President of all the people and has responsibility to all Soviet citizens, including reactionaries.

LEADERSHIP PROBLEMS

As mentioned earlier, Gorbachev still prefers to build his authority on the basis of both state and party positions. The first Soviet leader to conclude that these two bases are incompatible was Boris Yeltsin. In July, 1990, when the twenty-eighth party congress tried to give Yeltsin a leadership post in the party, he announced that his office as elected head of the Russian republic precluded his submission to party discipline. He then walked out of the hall and out of the party.

Yeltsin rose to national prominence through party ranks, first as a provincial party boss and then, under Gorbachev, as party boss of Moscow. In the fall of 1987 an event occurred that seemed to mark the end of Yeltsin's career but was actually a new beginning. Yeltsin stood up at a Central Committee meeting and blasted the shortcomings of the reform program and the continuing privileges of the party elite. He was promptly removed from all leadership posts and subjected to an old-style ritual de-

nunciation. Gorbachev offered Yeltsin a government post but warned him that he would not be allowed back into politics.

Meanwhile, Gorbachev was busy creating a situation in which he could no longer unilaterally determine who was or was not allowed to play a leadership role. In retrospect, Yeltsin's Central Committee speech can be seen as the first step in a transfer of loyalty from the elite above who appointed him to the electorate below who supported him. And the electorate responded enthusiastically to this transfer of loyalty, as shown by Yeltsin's election campaign in 1989 for the new national legislature. Despite, or rather because of, the opposition of the party apparatus, Yeltsin won in an overwhelming landslide. The same pattern was repeated at a higher level in the spring of 1990. By this time, Yeltsin had chosen to be a member of the legislature of the Russian republic rather than the national legislature. Here he ran for the equivalent of Gorbachev's presidential post at the republic level. Gorbachev personally intervened to persuade legislators to turn him down; it was revealing, however, that Gorbachev was unable to produce a credible candidate to oppose Yeltsin. Yeltsin's victory in this contest allowed him to leave the party altogether and to take the final step in transferring loyalty from party to people and from elite to electorate.

Not only Gorbachev but many intellectual leaders of the reform movement were suspicious of Yeltsin. They argued that he was long on populist mobilization of mass resentment but short on constructive programs. At the party congress, his heavy hint that party leaders might have to stand trial has made him popular with the Gdlyan-Ivanov constituency but has hardly contributed to a civilized political atmosphere. His insistence that reforms should not result in a drop in the living standard struck observers as a "read-my-lips" evasion of harsh realities.

In response, supporters pointed out that it is not the job of a political leader to devise concrete programs. Yeltsin in fact had surrounded himself with a brain trust of reformers who could work on that side of things. Yeltsin's contribution to the process of renewal was different: to provide basic reform goals with a mass base that intellectual reformers were unable to obtain. After leaving the party, Yeltsin was free to build up a nationwide alternative to

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⁵For a presentation of the conservative case, see Aleksandr Prokhanov, "The Tragedy of Centralism," *Literaturnaya Rossiya*, January 5, 1990, excerpted in *Current Digest of the Soviet Press*, vol. 42, no. 4 (February 28, 1990).

"... difficulties in the energy sector intensify the Soviet Union's problems. Beset by an aging infrastructure, misguided economic incentives, bureaucrats and party interference, and by a frustrated and neglected work force, the energy sector is little different from the rest of Soviet industry and agriculture."

Soviet Energy Runs Out of Gas

BY MARSHALL I. GOLDMAN

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WHILE the world is obsessed with the Organization of Petroleum Exporting Countries (OPEC) and its impact on international oil supplies and prices, there is little awareness that the world's largest producer of petroleum and natural gas is not Saudi Arabia, but the Soviet Union. In part, the lack of attention devoted to the Soviet Union in energy markets is due to the fact that it is not a member of OPEC and because (unlike most of the members of OPEC) the Soviet Union consumes the bulk of what it produces. Moreover, until recently, about 50 percent of what the Soviet Union exported went to members of the Council for Mutual Economic Assistance (CMEA), the socialist trading bloc. Yet, depending on Saudi Arabia's export policies, there have been times when the Soviet Union has been the world's largest exporter of petroleum. In any case, it has consistently been the largest exporter of natural gas and, for good measure, its reserves are the largest in the world.

It is important to understand that the Soviet Union not only has a significant role on the world's energy scene, its energy is very important for the Soviet Union's economic development. Traditionally, the Soviet Union has been viewed as the world's second largest industrial and military power. A closer look, however, suggests that the Soviet Union's influence on the world scene is due to a special set of circumstances. Much of this power stems from its ability to finance its military and industrial activity through the exports of petroleum. Several Soviet economists have pointed out that the Soviet Union's oil exports generated approximately \$180-billion worth of convertible currency in the ten-year period after 1973.¹ This money was used to prop up what was otherwise an outmoded and overindulgent economic and military structure.

Looking back on this period, several economists have begun to ask where the money went. As they

see it, the money was spent wastefully and was not used to prepare the groundwork for self-generated growth. That realization has taken on serious implications as Soviet planners have begun to understand that the Soviet Union's energy supplies are finite and that continued wasteful use of its resources can no longer be tolerated. They are especially concerned now that Soviet energy output in general and oil and coal production in particular have begun to fall. This has important ramifications for the economic well-being of the Soviet Union. Without exaggeration, it may well be that unless President Mikhail Gorbachev can revive the production of the Soviet Union's major energy minerals, the future of perestroika may be at stake. Certainly this is not perestroika's only difficulty, but it is true that without increased energy supplies, Gorbachev will be unable to finance his efforts.

Given its size, it is not surprising that the Soviet Union is richly endowed with raw materials, especially natural gas, coal and oil. Of course, not everything is perfect; some of the most conveniently located and most easily accessible raw materials have already been depleted. As a result, it has become more and more difficult (that is, costly) to extract them. Thus, some of the best quality coal in the Ukraine has already been mined. This makes it necessary to concentrate on the deposits in Siberia, which are more readily subject to combustion and are therefore very difficult to ship. Moreover, considerable quantities of energy must be expended on shipping this coal westward, which also constitutes a major cost. Similarly, the Soviet Union's oil deposits in the Caucasus — those that served as a basis for Russia's prerevolutionary oil industry — are also depleted, and now even the very rich fields in the Tyumen region of west Siberia are not as productive as they once were. Soviet drillers are being forced to dig deeper and drill further in the north and east; this increases the cost. Thus, while the Soviet Union earned 7.1 times the cost of production on each barrel of crude oil exported in 1981, by 1991 the estimates are that the Soviet Union will earn only 1.8 times the cost of extraction.² Of

¹*Argumenty i fakty*, no. 20 (May 19–25, 1990), p. 6.

²SOVSET (Washington, D.C.), no. 99 (May 23, 1990), p. 4.

course, this reflects not only higher costs but lower world prices. Even more bothersome, Soviet leaders have acknowledged that the ratio of current petroleum consumption to petroleum reserve deposits is not nearly so large as similar coal and natural gas ratios.

A major problem bedeviling the Soviet Union is that it has too much in the way of energy raw materials. There was always a feeling that there would be more over the horizon. That attitude gave rise to wasteful behavior. There was no need to conserve or husband raw materials, because the assumption, if not the certainty, was that more would be found. Moreover, it was cheaper to open up new and richer fields than to waste time and money trying to conserve what had already been produced. Sure enough, when the fields in the Caucasus mountains became less productive, Soviet planners shifted operations to the Volga region, and when the Volga became less productive, they moved to west Siberia. Reflecting the same thinking, planners did not put much time or effort into efficient methods of enhanced recovery. They took the simplest and cheapest approach possible; they used water injection, which generated increased output in the short run, but only at a long-run cost of a reduced total yield. The same nonchalant attitude helps explain wasteful and inefficient refining procedures. Soviet refineries are notorious for their low yields.

In all likelihood, the value and incentive systems that evolved in the Soviet Union were shaped by this underlying attitude regarding raw materials. The Soviet pricing and incentive system puts a premium on the extensive use of raw materials. In effect, the more raw materials used, the higher the premiums. Under the *valovaya produktsiya sistema*, or VAL as the incentive system is called, the Soviet manager is judged by how much his output increases from year to year. At first glance, there is nothing wrong with that system; however, output is defined in terms of gross value of output measured in rubles. In other words, the trick for a Soviet manager is to increase his gross ruble revenue each year. There are two ways to do that: one is to increase the value of outputs and the other is merely to increase the ruble value of what is produced, which can be accomplished by spending more on inputs. This, in turn, can be done either by paying more for each input used or by buying up needlessly large quantities of inputs. Because Soviet planners use the cost-plus system of calculation, there is no need to worry that using more costly inputs will push up the price and reduce profits. Under the VAL system, the state is

obliged to buy whatever is produced, regardless of expense and price. Profit and loss, as well as limited demand, are not constraints. All this explains why the VAL system puts a premium on using enormous quantities of raw materials: the more costly, the better.

Because VAL is such an integral part of the Soviet value system, most economists have assumed that it was adopted because it fit Marxist precepts. But there is nothing in Marxism that seems in any way similar. Instead, VAL seems more a reflection of the Soviet Union's natural endowment. What would have happened, for instance, if V.I. Lenin had not gotten off the sealed train bound from Switzerland to Petrograd in 1917, but instead had gone on to Tokyo and led the Bolsheviks to power there? Would the Union of Japanese Socialist Republics have instituted a similar value system? With the near absence of raw materials in Japan, it seems unlikely that Lenin and his Japanese followers would have tolerated anything as wasteful; they would not have had the resources to waste. The odds are that they would have devised a more abstemious system.

It is not that Soviet economists do not know their present system is wasteful. They (and even Mikhail Gorbachev) are fully aware of the problem. In the words of one of Gorbachev's economic advisers, Stanislav Shatalin, "The oil money was a kind of drug. Like any drug, it created the illusion of strength while destroying the body even more and making the disease even more fatal."³ Nonetheless, after all these years, Soviet officials have become accustomed to this VAL system, and Soviet managers seem unable to abandon it. Try as they may, so far no one has been able to introduce an alternative.

A GROWING OUTCRY

The realization that some day the Soviet Union might run out of its abundant energy resources has provoked a growing outcry. Not only was Soviet energy being squandered, but the cost of what was being offered for sale was much higher than economists in both the Soviet Union and the United States had indicated.⁴ "Export oil and import grain," they advocated. To produce oil in the Soviet Union, they insisted, was cheap, while growing grain there was expensive. Eventually others came to see how misguided such advice had been, but by then it was too late.

The fact that the population had been misled accounts in part for the shrill tone that now permeates all discussions about the export of raw materials. Among those who have been most outspoken are Russian nationalists, including spokesmen from Pamyat, as well as members of the recently created Green party. Some have even protested the export

³Washington Post, May 28, 1990, p. A18.

⁴For example, see Ed Hewitt, *The New York Times*, July 10, 1983, p. 28.

of Soviet timber. Because, unlike oil, most timber is a renewable resource, there should be less concern about timber exports under normal circumstances. However, cutting timber has been so wasteful and reforestation so haphazard that these protests are not entirely irrational.

Yet as strident as these protests are, Soviet policymakers do not have many options in the end. Because the Soviet Union produces few manufactured goods that the rest of the world wants, it has few export alternatives to raw materials and, especially, to oil. Traditionally, oil exports generate 60 percent or more of the Soviet Union's hard currency export earnings. Natural gas makes up another 20 percent or so. Moreover, as the world price of oil was falling, Soviet planners found it necessary to compensate by increasing the volume of exports. Thus while total oil export revenues fell one-third from 30.9 billion rubles in 1984 to 20.7 billion rubles in 1988, the volume of exports rose from 186 million tons (approximately 3.5 million barrels a day) in 1986 to 205 million tons (4 million barrels a day) in 1988, a new record. This pushed up the ratio of exports to output from the traditional 25 percent to 30 percent.

Equally distressing is the fact that most of the proceeds earned from the sale of oil have been used to import grain and other food products. Grain imports add very little to the productive capability of the country; the food is consumed with nothing to show. For that matter, even when machinery is purchased, more often than not the machinery fails to achieve its full potential inside the Soviet Union. As many critics (including Gorbachev himself) have pointed out, the Soviet Union has seldom used the billions of dollars of imported machinery effectively.⁵ For almost two decades, oil exports have been used to pay the Soviet Union's bills, but the proceeds were not used efficiently. The money has apparently disappeared. The best analogy for an American is the savings and loan scandal in the United States. In the United States, as in Moscow, no one seems to know where the money went.

As they came to realize how mistaken their policies have been, Soviet authorities belatedly tried to reduce their use of petroleum. Prevented by a series of poor harvests from cutting back their exports of oil, Soviet planners decided to concentrate instead on reducing the relative share of oil in the energy mix consumed at home. This, too, meant a policy of reversal. Like consumers all over the world, Soviet citizens had begun to reduce their use of coal in favor of "cleaner" oil and natural gas. If anything, they were a little slower to act than consumers in other countries. Thus, as recently as 1960, coal ac-

counted for 54 percent of Soviet energy production, as measured in standard units, and oil only 31 percent. Gas provided 8 percent. For that matter, it was only in 1968 that oil production exceeded coal production as a proportion of total energy.

In a sense, the Soviet Union was fortunate that the shift was so belated. It saved it from consuming even more oil. Oil production as a proportion of all energy produced in the Soviet Union peaked in 1980 and has fallen each year since. Unfortunately for the Soviet Union, coal output has continued to decline despite its efforts. Offsetting this, however, the Soviet Union has been able to increase its extraction of natural gas. Thus, as of 1988, oil and natural gas each accounted for 39 percent of Soviet energy output, while coal was down to 20 percent.

Soviet planners have also tried to reduce energy waste, although their efforts have been largely unsuccessful. Intentions and exhortations are of little use as long as the incentive system remains unchanged. No matter how committed or how well trained they may be, energy users will waste valuable resources as long as the price is low and the VAL system or some variation determines management behavior.

THE NUCLEAR ALTERNATIVE

The most promising alternative, at least until April 26, 1986, was nuclear energy. Unhindered by antinuclear protests, the Soviet Union seemed to be one of the few places in the world (in addition to France) that planned that nuclear energy would account for as much as 20 percent or more of its total generation of electricity. Until the late 1970's Soviet planners had spent relatively little time or effort on nuclear energy. After the world oil crisis, however, like so many other energy consumers, they decided that nuclear energy was a logical substitute for fossil fuel. This meant that not only electricity but also steam heat would be generated by nuclear energy.

Unlike cities in the United States, most Soviet cities have banned private furnaces and supply steam heat generated by district heating facilities. One steam-generating plant supplies a whole region of a city. In principle, this is much more efficient and potentially less polluting than relying on furnaces in individual buildings. The steam generated by district generating plants is usually more economical as well. This assumes, of course, that the generating plant is able to operate all year long, without closing for annual clean-up or repairs.

Once under way, Soviet planners tried to expand the capacity of nuclear energy as quickly as possible. *Atomnash*, a specially designed assembly plant, was constructed to mass-produce nuclear reactors. Unfortunately, there were many production problems and, as a consequence, the goals of

⁵*Vremya*, January 21, 1989, in Foreign Broadcast Information Service, *Soviet Union Daily Report*, January 23, 1989, p. 49.

Table 1: Monthly Oil Production in the U.S.S.R.

(million tons)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
January	47.2	n.a.	50.4	51.6	51.5	52.7	52.0	50.6	51.0	52.6	} 156	152	145
February	42.9	n.a.	47.1	46.6	46.5	47.6	48.4	45.7	46.3	47.4			
March	46.0	n.a.	50.6	51.8	52.0	53.0	52.6	50.7	51.7	53.0			
April	46.5	48.2	49.1	49.9	50.2	50.9	50.9	49.0	50.2	51.0	} 156	152	n.a.
May	48.2	48.2	51.0	51.6	52.0	52.5	52.6	50.7	52.2	54.0			
June	46.8	48.0	49.0	50.0	51.0	51.0	50.5	48.0	51.0	51.0			
July	48.6	49.4	51.3	51.7	52.0	52.5	52.2	50.2	52.4	51.0	} 156	152	n.a.
August	48.8	50.1	51.5	50.0	52.2	52.6	51.9	50.4	52.6	53.0			
September	50.0	48.0	50.0	52.0	49.0	51.0	50.0	49.0	51.0	52.0			
October	49.5	50.4	51.5	51.8	52.7	51.6	51.5	50.8	52.8	53.0	} 156	151	n.a.
November	48.1	49.0	50.1	50.1	51.0	50.0	49.7	49.2	51.3	51.0			
December	50.0	51.0	52.0	52.0	53.0	51.0	51.0	50.0	53.0	53.0			

TOTAL: 572.0 586.0 603.0 609.0 613.1 616.0 613.0 595.0 615.5 624.0 624.0 607

Source: For 1978-1989, *Ekonomicheskaya Gazeta*; January, 1990, to date, *Ekonomika i zhizn*, monthly and quarterly issues.

the factory's designers were never fully realized. But that was not because of protests by antinuclear groups, as would probably have been the case if a similar plant had been built in the West. At the time, the Soviet public accepted the assurances of its government and its scientists that there was nothing to fear from nuclear energy. So trusting were they that no one seemed to challenge the insistence of A. Alexandrov, then president of the Soviet Academy of Sciences, that the 1979 accident at Three Mile Island in Harrisburg, Pennsylvania, was in fact contrived by the United States oil cartel. As Alexandrov saw it, "The actual reason behind the whole fuss over nuclear construction in the United States has nothing to do with safety. The real reason is that the development of large nuclear power stations could endanger the profits of the fuel-producing monopolies."⁶

Even before the disaster at Chernobyl, the nuclear energy program seemed to be in some difficulty. *Atomash* was not the only plant with troubles. Because of slipshod construction, many of the existing plants were operating erratically. Parts were often cannibalized; plants under construction were often stripped of parts that were taken for use in existing plants. In 1985, nuclear energy accounted for 167 billion kilowatt hours, or 11 percent of the total electricity produced in the Soviet Union. The following year, however, the loss of Chernobyl and the need to reexamine the undamaged generating plants led to a drop in the percentage of nuclear energy produced. New plants that had been under construction were allowed to open, but in time several existing plants were actually closed. Belatedly, an antinuclear sentiment began to grow in the Soviet Union, and Soviet citizens not only took to the streets to demonstrate on behalf of environmental issues, but (after Chernobyl) began to demand that nuclear reactors be closed.

⁶*Soviet News*, May 15, 1979, p. 151.

Responding to this pressure, Soviet authorities eventually moved to close some of their nuclear operating plants. Some, they acknowledged, had been built over earthquake fault zones, as in Armenia, or other unsuitable locations. Others, like those used for district heating, were built too close to population centers. The decision to locate such facilities near population centers was necessary to reduce the dissipation of steam as it moved by pipeline from the generating site to the consumer. But while the central location made economic sense, it certainly increased the risks to the residential population.

OIL PRODUCTION DECLINE

The closing of some of the country's nuclear plants inevitably affected the supply of energy, but the problem was compounded by the drop in oil output that occurred in 1988. As Table 1 indicates, 1988 was not the first year Soviet oil declined. Output fell in both 1984 and 1985. Recognizing how serious such a decline could be, Gorbachev made an inspection tour to Tyumen in west Siberia to examine the problem. He roused the management and workers and ordered that they be provided with increased resources. After his visit, output did indeed begin to grow again.

Before long, however, output fell once more. This time the reasons were more complex and less amenable to improvement. In all probability, the situation is not beyond repair, but it will take more than a Gorbachev pep talk to solve the problem.

The reasons for the drop in output included
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"Public opinion polls reveal a growing sense of frustration and a lack of confidence in the Soviet leadership's ability to solve the country's problems. Economic performance continues to deteriorate. The foreign aid that has been offered by the West is not expected to make much difference."

Confusion in Soviet Economic Reform

BY JUDITH RECORD MCKINNEY

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IF the latter years of Leonid Brezhnev's rule as General Secretary of the Communist party of the Soviet Union have been accurately described as the era of stagnation, the past couple of years under General Secretary (and President) Mikhail Gorbachev have surely been the era of confusion. Instead of clear and steady progress—no matter how slow—toward the goal of perestroika (the creation of a restructured, reformed, revived economy), there has been a profusion of decrees, plans, laws and emergency measures—and amendments to each of these—that can be best characterized as two steps forward and one step back, and more recently has often seemed to involve at least one step back for every step forward.

What has gone wrong? Why, in a period of dramatic and almost certainly irreversible change in the countries of East Europe, has Gorbachev's program of perestroika apparently foundered? Why, when the atmosphere in East Europe has been one of excitement and optimism, has the mood in the Soviet Union turned sour? There are many forces at work—social, cultural, psychological and political, as well as economic—but the heart of the problem is that carrying out the transformation from one kind of economic system to another has proved much more difficult than deciding that such transformation is necessary.

The problem is not that the leaders cannot decide what needs to be done. Despite the vacillation that has characterized Soviet economic policy over the last year or two, the essential features of the envisaged reform have changed surprisingly little. It is now widely, though not universally, accepted that there should be diverse forms of ownership (leaseholding, cooperative, joint-stock, as well as state), that most prices should be determined "contractually" on the basis of market forces rather than set by the center, that there should be competition (both domestic and foreign), a convertible ruble, a commercial banking system and a uniform tax system.

Prime Minister Nikolai Ryzhkov called for the creation of an economy with these elements when he presented the government's proposed program to

the second Congress of People's Deputies in December, 1989. Deputy Prime Minister Leonid Abalkin, head of the government's commission on economic reform, had called for an economy with these same features in the report he gave to the All-Union Scientific and Practical Conference on Problems of the Radical Economic Reform a month earlier. Yet Abalkin's program was considered bold, and Ryzhkov's was considered a disappointing retreat. Less than half a year later, a radical program was again designed, rejected and replaced with a more cautious version; again, the two programs shared these basic elements.

The differences between the radical and the moderate approaches are essentially those of timing. The question of what to do has proved easier to answer than the question of when and how to do it. The sense of urgency engendered by increasingly unsatisfactory economic performance and increasingly widespread social unrest conflicts with the fear that, without adequate preparation, implementation of the reforms will in the short run cause further deterioration in the economy and thus risk even more serious discontent.

Of the many obstacles to perestroika in the Soviet Union, the problem of sequencing seems particularly intractable. The goal is to design a timetable for reforms wherein all the preconditions for success are satisfied before each reform is introduced. Given the degree of interdependence among the components of an economic system, it is unlikely that any linear sequence of reforms will satisfy this criterion perfectly, but Soviet performance here has been especially perverse. Perhaps the most striking example was the extension of enterprise self-management and self-financing as one of the first stages of reform. For enterprise managers to make appropriate choices about their own resource use or output mix, they must have accurate information about the relative scarcity of goods. Such information would be contained in market-determined equilibrium prices, but conversion to such a system of price formation has been repeatedly postponed.

One of the reasons for the Soviet reluctance to

carry out the much-needed reform of prices is the lack of correspondence between the existing structure of physical and human capital in the Soviet Union (and thus the structure of what can be produced) and the structure of demand (the structure of what people want to have produced). There is serious disequilibrium in the Soviet economy at both the macroeconomic and the microeconomic levels, and this disequilibrium portends dramatic and—for many—unacceptable consequences for the distribution of income and economic well-being as reform is carried out. The macroeconomic disequilibrium means that freeing prices from government control would result in rates of inflation far worse than those already being experienced and would inflict serious harm on those citizens living on fixed incomes. The microeconomic disequilibria mean that there are enormous opportunities for the enterprising to make windfall profits, considerable risks of bankruptcy and unemployment, and a high probability of significant redistribution among the republics, all of which are bound to increase tensions in the Soviet population.

Given the difficulty of determining an appropriate sequence of reform measures and the attempt to prevent any further erosion of support for its program, the Soviet government has found itself in recent months unable to act decisively. As a partial chronology of the period from November, 1989, to July, 1990, illustrates, programs have been announced and abandoned, laws have been adopted and amended, decrees have been promulgated and suspended, all with remarkable frequency.

In a discussion piece published shortly before the national conference on the problems of radical economic reform held in November, 1989, the organizing committee advocated what it called a "moderate-radical approach," characterized by a set of "major one-time measures" that would give a "powerful impetus to the formation of a market."¹ These measures, to be preceded by no more than a year of preparation, would include the development of diverse forms of ownership; the restructuring of the financial and credit system; and the reform of wages, labor relations and social security, of planning and price-setting, of wholesale and retail trade, of the organization of production, and of foreign economic activity. As its designation implies, the proposal was both radical (it called for the creation of both joint-stock and private enterprises) and moderate (there were to be fixed and regulated prices as well

as unrestricted prices, with the last category largely limited to the small share of production in excess of state orders).

As previously indicated, the program actually proposed by the government and adopted in December, 1989, at the Congress of People's Deputies did not abandon the goals of this "moderate-radical" approach, but it significantly slowed the planned pace of reform, extending the period for preparatory work and deferring significant reforms, including the long-heralded reform of prices, for at least two years.² In the near term, energy was to be concentrated on addressing the serious and escalating problem of shortages of consumer goods. With its calls for a large-scale emergency shift of resources from factories producing capital goods to those producing consumer goods and from the construction of production facilities to investment in social infrastructure, and with its goal of a 66-billion-ruble increase in the production of consumer goods in 1990 (compared with an annual average increase of only 17 billion rubles during the past four years), Ryzhkov's program had far more in common with the old-style campaign approach of the traditional Soviet system than with the promises of perestroika.

VACILLATION

Belying the caution of the December program, the critically important laws on land and property were adopted (after considerable wrangling) during the first few months of 1990. Gorbachev signed the former into law on February 28, the latter on March 6.³ These two laws establish the legal foundation for fundamental changes in economic relations in the Soviet Union, permitting individual ownership of certain means of production, the creation of joint-stock companies and lifetime possession (with the right of inheritance) of farmland, the construction of a home or dacha, or the manufacture of "traditional folk trades and crafts."

The laws do not abandon entirely the principles of socialism or central control. Article 1 of the law on property specifies that the use of any form of property must rule out the alienation of workers from the means of production and the exploitation of one person by another; article 9 of the law on land gives to the Congress of People's Deputies the power to cancel someone's right to possession and use of land if the land is being used for some purpose other than the one designated or if it is being used inefficiently. Nonetheless, by avoiding specification of the primacy of state or collective ownership, the laws represent a significant step away from the traditional system, and their adoption signaled that the December program was not a permanent retreat from the idea of reform.

Another signal that the caution of December was

¹*Ekonomicheskaya gazeta*, no. 43 (October, 1989), pp. 4-7.

²The highlights of this program are contained in Ryzhkov's report to the Congress, which appears in *Ekonomicheskaya gazeta*, no. 51 (December, 1989), pp. 8-13.

³The text of these laws can be found in *Ekonomika i zhizn*: the law on land appeared in no. 11 (March, 1990), pp. 17-19; the law on property is in no. 12 (March, 1990), pp. 14-15.

not universally supported came in Gorbachev's inaugural address of March 15, in which he declared that it was necessary to take decisive action for the radicalization of economic reform and promised to use his presidential powers to achieve this goal. All indications were that such radicalization was imminent. In March, a group of economists and lawyers gathered to work out a package of laws that would, according to participating economist Pavel Bunich, remove government control from 70 percent of the state sector of the economy, sharply reduce the role of central planning, break up state monopolies and establish a new pricing mechanism.⁴ Before it could be presented to the Supreme Soviet, however, this program was rejected by the newly established Presidential Council.

This council, which seems to have largely superseded the Politburo as government organs have in general begun to supersede the party hierarchy, comprises 16 men, some of them firm supporters of Gorbachev's attempts to reform Soviet society and the Soviet economy, and others outspoken critics. Presumably, Gorbachev's goal was to co-opt the opposition by including them in the policy-making process, but at least in the early months of the council's operation, the diversity of views seemed to result in stalemate.

The program that was finally presented to the Supreme Soviet in May, 1990, was a compromise that appeared to satisfy no one, and yet by mid-June it had been officially approved. The approval was more formal than real, however, because the government was instructed to refine the program by September 1 and to introduce several of its provisions far more quickly than called for in the three-stage, five-year transition envisaged in the program. Thus, in June, 1990, the basic reform program of the government was neither significantly different nor any more convincingly in place than it had been in November, 1989. The confusion and vacillation that marked this period can have done little to prevent the erosion of popular support or to increase confidence in the government's ability to steer the economy through the uncharted seas between the familiar (if no longer very fertile) terrain of a command economy and the promising, but terrifying, new world of a market economy.

The adoption of the laws on land and property seemed to contradict the general state of paralysis, but other legislative actions sent conflicting signals, as earlier laws and decrees were amended, suspended

ed or reversed. By December, 1989, labor collectives in six branches of the economy had lost their right to elect managers, and on April 4, 1990, the Council of Ministers submitted a draft law to the Supreme Soviet that would restore entirely the state's right to appoint directors of all state enterprises.⁵ By November, 1989, the government had submitted proposals to the Supreme Soviet calling for restrictions on the export of consumer goods or raw materials used in the production of such goods and for the suspension of those articles of the law on state enterprises that permit contractual prices for certain types of food products and other "socially significant" consumer goods.⁶ Suspended as of December, 1989, was a resolution calling for the transition to full economic accountability and self-financing of research and development organizations under the jurisdiction of the State Construction Committee of either the Soviet Union or any of the union republics.⁷

On October 16, 1989, the law on cooperatives was changed to increase state control over their activities, giving the central government the right to set ceilings for the prices of basic consumer goods and services and imported goods; on June 6, 1990, the law was modified again in an attempt to increase control over the financial activity of cooperatives and to reduce their contribution to inflationary pressures in the economy.⁸ Just as the government's general programs swung back and forth between the radical and the cautious, so did specific legislation. Reconciling the new laws on land and property, on the one hand, and the amendments to the law on cooperatives, on the other, is not easy.

The disappointing performance of the Soviet leadership during 1989 and 1990 has been matched by the disappointing performance of the Soviet economy. Many of the traditional mechanisms for directing the economy have been dismantled, many of the new ones are still being designed, and those—old and new—that are in place are largely incompatible with one another. Enterprise managers are supposed to exercise independent judgment, making sound decisions about what to produce and how to produce it, yet the prices they must rely on continue to be arbitrarily set and misleading. Cooperatives are supposed to harness the energy and initiative of enterprising individuals, yet there are still prohibitions on the hiring of one person by another and laws restricting "speculation." In fact, just in the past year the Russian republic issued an administrative decree against the sale of household goods by individuals at prices above those set by the state.⁹

Adding to the problems of mixed signals are those arising from "the human factor." The openness and democratization on which Gorbachev had

⁴*Wall Street Journal*, April 13, 1990, p. 3.

⁵*Izvestia*, December 16, 1989, p. 9; see also *Izvestia*, April 6, 1990, p. 1.

⁶*Izvestia*, November 12, 1989, p. 1.

⁷*Ekonomika i zhizn*, no. 6 (February, 1990), p. 17.

⁸*Izvestia*, June 24, 1990, p. 2.

⁹*The New York Times*, May 26, 1990, p. 4.

counted to overcome the alienation and apathy of Soviet workers have backfired, at least for now. Strikes have cost the country dearly: in 1989, more than 7 million workdays were lost to strikes, and direct production losses—defined as work that was not performed—amounted to 0.8 billion rubles. In the first quarter of 1990 alone, these figures were 9.4 million workdays and 0.82 billion rubles respectively.¹⁰ Since strikes in such critical locations as the coal mines and railroads have enormous consequences for other parts of the economy, total production losses must be significantly higher.

Further disruptions in production and transportation have come from the ethnic unrest in more and more parts of the country, the growing isolationism in certain republics—as illustrated, for example, by the decision of a bulk yarn factory in Lithuania to stop providing yarn to a knitwear factory in Georgia (a decision that preceded by several months Lithuania's decision to try to secede from the Soviet Union)—and the successful public pressure to close, for ecological reasons, factories like the Sloka pulp and paper mill in Latvia (the Soviet Union's sole producer of the paper used for computer punch cards and the covers of magazines and books).¹¹

Compounding these problems are the increasing inadequacy of the country's transportation system, the increasing cost and difficulty of extracting oil and coal and the increasing volume of unfinished construction. As of January 1, 1990, there were 3.8 million tons of imported freight sitting in warehouses or on ships because the freight could not be transported to its destination (a 15 percent increase from 1989), and the average turnaround for freight cars had slowed by 4 percent. Production of petroleum was 3 percent lower in 1989 than in 1988, and production of coal was 4 percent lower. Only 40 percent of the state-ordered construction projects scheduled to be completed in 1989 were actually finished, down from 59 percent in 1988, and the volume of unfinished construction grew to a value of 180.9 billion rubles.¹²

POOR RESULTS

In a report to the Supreme Soviet in September, 1989, Lev Voronin, first vice chairman of the

¹⁰*Ekonomika i zhizn*, no. 6 (February, 1990), p. 15, and no. 18 (April, 1990), p. 15. The numbers are not perfectly comparable, because those for 1990 include work stoppages due to ethnic unrest, while those for 1989 apparently do not.

¹¹*Izvestia*, January 26, 1990, p. 2; *Pravda*, January 24, 1990, p. 8.

¹²*Ekonomika i zhizn*, no. 6 (February, 1990), pp. 17, 19.

¹³*Izvestia*, September 26, 1989, p. 2; *Ekonomika i zhizn*, no. 6 (February, 1990), p. 15.

¹⁴*Izvestia*, April 7, 1990, p. 1.

¹⁵*Ekonomika i zhizn*, no. 6 (February, 1990), pp. 15, 16.

Council of Ministers, announced that for 62 of the 178 "highly important" types of output being monitored by the government's statistical organizations, output had been lower in the first eight months of 1989 than in the corresponding period of 1988. For the year as a whole, according to official data, industrial output in the Soviet Union grew by only 1.7 percent, and agricultural output by only 1 percent, while the volume of housing construction actually fell.¹³

Performance in the first quarter of 1990 was no better, with industrial output slightly less than in the first quarter of 1989 and housing construction significantly less. Output of 12 of the 25 articles of light industry monitored by the State Statistical Committee had fallen, including output of fabrics, footwear and towels.¹⁴ Unlike the level of output, the total wage fund continued to grow, and the gap between aggregate demand for goods and services and aggregate supply therefore widened.

For several decades, Soviet leaders have attempted to buy popular acquiescence in the system through regular increases in money income. Since these increases have not been fully matched by increases in the provision of consumer goods and services and since the party has traditionally adhered to a policy of stable prices, personal savings have steadily grown. These accumulated savings were a concern even in the late 1970's. Recently, after a couple of years of rapid increase in wage funds, despite virtual stagnation in production, they have been viewed with horror. According to Ryzhkov's report to the Congress of People's Deputies in December, during 1989 income rose by 12 percent while output rose by only 2 percent.

The consequence of this macroeconomic disequilibrium is increasingly worrisome inflationary pressure. Whether this pressure drives up official prices in state stores, leads to more and more pervasive and serious shortages or causes sharp increases in prices charged outside the state sector—and it has done all three—it is becoming a source of intense concern. Official estimates put the actual rate of increase in retail prices of consumer goods at 2 percent for 1989; taking into account the potential increases implied by unsatisfied demand, the official estimate is 7.5 percent. In some areas, however, meat products are sold by cooperatives at prices that are more than twice as high as those charged in state stores.¹⁵

More and more goods are being distributed through the use of ration coupons issued through

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Judith Record McKinney recently spent several months in Lima, Peru, where she wrote and lectured on economic reform in the Soviet Union.

"The dominant political conflict in the Soviet Union today is between forces supporting democratization and forces opposed to it. Where the national idea is allied with the democratic ideal . . . it has provided a very powerful basis for mobilizing mass political participation. . . . The emotional power of nationalism . . . may accelerate the process of change."

The European Republics of the Soviet Union

BY STEVEN L. BURG

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PRESIDENT Mikhail Gorbachev's approach to the nationality problems in the European republics of the Soviet Union has failed. He has been unable to reconcile the demands of increasingly powerful radicals for democratic reform and national sovereignty for the ethnic territories of the U.S.S.R., on the one hand, and conservative demands for the defense of the Soviet order and Russian domination, on the other. By failing to carry perestroika to its logical conclusion and conceding to the demands for autonomy and democracy of well-organized and widely supported national movements in the republics and the growing movement for democratization in the Russian republic, Gorbachev lost the mass electoral support he needed to legitimize his own leadership and program of change. By failing to act decisively to suppress the rising tide of ethnic and political unrest in the country, he strengthened the resistance of conservative forces and created a basis for their appeal to Russian nationalism. Thus, by his own actions—or lack of action—Gorbachev contributed to the growing polarization of Soviet politics in 1990, a polarization that appears to have left him with little political support.

After repeated delays resulting from conflict among the leaders, Gorbachev finally secured the publication of a draft platform on nationalities policy in August, 1989. This was his first attempt since assuming power in 1985 to formulate a coherent approach to nationality issues. Until this point, his approach had been reactive, driven by the repeated upheavals in interethnic relations since the Alma-Ata riots in 1986. The draft platform represented an attempt to reconcile inherently inconsistent positions. It called for preserving the Soviet federation by increasing the autonomy of the republics and ensuring the cultural and political rights of all nationalities, large and small. In a slogan that has since become an object of derision, it asserted that "without a strong Union there can be no strong republics."¹

¹*Pravda*, August 17, 1989, as translated in *Current Digest of the Soviet Press*, vol. 41, no. 33 (September 13, 1989), p. 4.

Thus the platform balanced concessions to national groups on the peripheries by also increasing the power and prerogatives of the Russian republic. The latter was assumed to be a reliable source of support for the union and therefore a political counterweight in the federation to the non-Russian republics. Strengthening the Russian republic also provided an institutionalized outlet for the expression of growing Russian nationalist sentiments.

A Central Committee plenum was convened in September, 1989, to discuss and adopt this platform. Debate at the plenum revealed deep divisions in the party, but did nothing to resolve them. Therefore, official policy remained internally inconsistent. It encouraged the demands of those pursuing national autonomy on the peripheries and those who sought to forestall disintegration through repression. This inconsistency was reflected in responses Gorbachev and the Soviet leadership made to developments in the western region of the Soviet Union in 1990, which vacillated between tolerance and the resort to intimidation and force.

The strongest challenge to the Soviet status quo comes from the Baltic republics. In Lithuania, *Sąjūdis*, a mass organization that began in late 1988, ostensibly to support perestroika and reform, rapidly evolved to become a national independence movement. By the end of 1989, popular support for the restoration of an independent Lithuania had become so widespread that it penetrated even the ranks of the Communist party of Lithuania. At its twentieth congress in December, 1989, the Lithuanian party voted to split from the Communist party of the Soviet Union (CPSU) and form an independent party.

Motivated by the desire to strengthen its appeal to the Lithuanian populace and therefore its political legitimacy, the newly independent party selected for its leaders those Communists who had been able to win election to the congress of people's deputies. Some delegates to the congress proved unwilling to go along with this attempt to build popular support and organized themselves into a separate Communist party organization loyal to

Moscow. The CPSU Central Committee responded to these events with surprising restraint, calling for discussions. But a three-day visit to the republic by a delegation headed by Gorbachev in January, 1990, did nothing to heal the rift. Within days, the newly independent Lithuanian Communist party declared its support for Lithuanian independence.

By early 1990, six major parties had registered to compete in elections to the Lithuanian supreme soviet, the republic parliament, including the independent Communist party under the name Lithuanian Democratic party, and the Moscow-oriented Communist party under the name Lithuanian Communist party (for the CPSU platform). A Social Democratic party, a Green party and a Christian Democratic party were also registered. *Sajudis*, the organization with the broadest support, did not participate in the election as a separate party. Its leadership chose instead to permit local chapters to endorse candidates; thus many candidates endorsed by *Sajudis* also enjoyed the support of one or more of the other parties. The February, 1990, elections, however, produced a major electoral victory for those candidates backed by *Sajudis* and a clear defeat for those who did not enjoy such backing. These elections further confirmed the right of the *Sajudis* leadership to speak on behalf of the Lithuanian nation.²

On March 11, the newly elected, *Sajudis*-dominated parliament reaffirmed Lithuanian independence and elected Vytautas Landsbergis, the head of *Sajudis*, president of the republic of Lithuania. The parliament elected a new government within days. Kazimiera Prunskiene, a leading member of *Sajudis*, was elected Prime Minister, and Algirdas Brazauskas, the leader of the independent Communist party (and the first secretary appointed by Gorbachev before the party split), was elected deputy prime minister.

Moscow's first response was to intimidate the new Lithuanian government and undermine popular resolve to support its move toward independence. Soviet military forces began "routine exercises" in the republic that included the movement of tanks through Vilnius, the Lithuanian capital. Moscow also used troops to assert its physical con-

trol over key institutions in the republic, including Communist party offices, the offices of the public prosecutor and newspaper publishing offices. By these acts, Moscow conveyed an implicit threat to undertake even more repressive measures, despite public assurances that force would not be used. Gorbachev made further threats personally, by suggesting that he might use the powers of the Soviet presidency to impose direct rule on the republic. After a month of tense relations, Gorbachev and the Soviet leadership imposed an economic blockade that eventually convinced the Lithuanians that they would have to negotiate their departure from the Soviet Union.

At first Gorbachev demanded the unequivocal rescinding of the Lithuanian declaration of independence. Despite efforts by the Lithuanians to find a compromise formula, Gorbachev remained intransigent. However, under the pressure of public calls for negotiations by European leaders and the need to ensure the success of an upcoming summit meeting with United States President George Bush, Gorbachev agreed to accept a Lithuanian compromise. On June 29, the Lithuanian parliament declared a 100-day moratorium on implementation of the March 11 declaration of independence in order to permit negotiations to take place. The parliament stipulated, however, that "the moratorium automatically becomes invalid upon the breaking off of negotiations." In addition, it warned Moscow not to use force, stipulating that "should certain circumstances or events not allow the first supreme council of the republic of Lithuania to continue its normal state governing functions, the moratorium will at that moment cease to be valid."³

In Estonia, national opposition to the Soviet regime and support for independence is divided between two major groups: the Popular Front of Estonia and the Estonian Citizens' Committee. The committee is a popular, grass-roots movement organized around the premise that the authoritative resolution of the fate of the republic lies exclusively in the hands of those who were citizens of the independent Republic of Estonia in 1940, when it was illegally annexed by the Soviet Union, and of their descendants. The committee therefore organized an independent, democratic election process by which those who were eligible could select delegates to a provisional parliament, called the congress of Estonia. The congress convened in March, 1990, and declared the Soviet annexation of the Republic of Estonia void. It called for an end to Soviet occupation of the republic and the restoration of Estonian independence. But it did not summarily declare the republic to be independent.⁴

Shortly after the congress of Estonia concluded,

²Saulius Girnius, "Forthcoming Elections to Lithuanian Supreme Soviet," *Report on the U.S.S.R.*, vol. 2, no. 9 (March 2, 1990), pp. 23-23; and "Results of Lithuanian Supreme Soviet Elections," *Report on the U.S.S.R.*, vol. 2, no. 10 (March 9, 1990), pp. 23-25.

³Text as reported in *The New York Times*, June 30, 1990.

⁴Riina Kionka, "The Estonian Citizens' Committee: An Opposition Movement of a Different Complexion," *Report on the U.S.S.R.*, vol. 2, no. 6 (February 9, 1990), pp. 30-33; and "The Congress Convenes," *Report on the U.S.S.R.*, vol. 2, no. 12 (March 23, 1990), pp. 32-35. See also Toomas Ilves, "The Congress of Estonia," *ibid.*, pp. 31-32.

official elections to the new republic's supreme soviet were held. These elections produced a divided parliament, with 49 of 105 seats going to supporters of the Popular Front, 29 to the Estonian Communist party, and 27 to opponents of Estonian independence.⁵ As a result, decisive action to assert Estonian independence along the path defined by Lithuanian actions would be far more difficult to achieve in this forum than it had been in the Lithuanian parliament. Thus, the newly elected Estonian parliament could declare the Soviet annexation of the republic illegal and assert the continued existence of the previously independent Republic of Estonia. But it had to leave unanswered the question of how the relationship between that republic, the Soviet republic of Estonia and the Soviet Union was to be resolved.

Unless the Estonian Communist party follows the path of the Lithuanian party and splits from the CPSU, thereby producing a pro-independence faction whose parliamentary representatives would support independence, the new Estonian government headed by Popular Front figure Edgar Savisaar as prime minister will have to proceed cautiously. It will be able to lend political, moral and perhaps even material support to its Lithuanian neighbors, but will be unable to emulate their actions.

The popular movement toward independence in Latvia is similarly constrained. In May, 1989, the People's Front of Latvia, founded in October, 1988, declared its support for independence. In elections held in March, 1990, a large proportion of the candidates committed to a democratic and independent Latvia and endorsed by the People's Front achieved victory. But more conservative candidates also won victories, especially in those districts with large non-Latvian (especially Russian) populations. Resistance to independence for the republic is strong in the Latvian Communist party, and the forces attempting to split the party along Lithuanian lines are relatively weaker. Party moderates who seek to redefine the relationship between Latvia and Moscow within the context of a continued union apparently hold the upper hand in this party and republic. Given this division of power, in early

May, 1990, the newly elected parliament initiated a "transition" to eventual independence, but could not move precipitously toward this goal.

In sharp contrast to his reaction to Lithuanian developments, Gorbachev responded more cautiously to these republics, acknowledging the need for further discussion. He could do so because the threat of secession in Latvia and Estonia is less immediate. In both these republics there is substantial resistance to independence in the local party, and there are organized movements, supported largely by their Russian populations, to oppose independence. Indeed, in May, 1990, violent anti-independence protests took place in both republics, including assaults by determined crowds on their respective parliament buildings.⁶

Gorbachev's tolerance also represented an attempt to isolate the Lithuanians. In April and May, 1990, the leadership of the three Baltic republics concluded economic and political cooperation agreements that further their mutual support of efforts to achieve independence in the face of Soviet resistance. By engaging the Estonians and Latvians in discussion, Gorbachev was gaining potentially important leverage in dissuading these republics from assisting the Lithuanians.

Although events in the Ukraine have not yet reached the crisis level of the Baltic republics, a widespread popular political mobilization has been under way in this republic since 1987; in the process, many political groups and movements have been established. The most overtly political among these are the Ukrainian Helsinki Union (UHU) and the Popular Movement for Restructuring, or *Rukh*. The UHU was organized in March, 1988, by members of the dissident human rights movement in that republic who had been released from prison during 1987. In July, 1988, the UHU declared its support for Ukrainian sovereignty and the transformation of the U.S.S.R. into a confederation of independent states. *Rukh* is a broader organization that initially drew its support from the cultural and intellectual strata of the republic, but it has grown into a de facto popular front. It is a democratically oriented movement, committed to expanding Ukrainian autonomy and ensuring the cultural survival of the Ukrainian nation. It shares a well-developed concern for the condition of the Ukrainian environment with another important group, *Zelenyi Svit*, or Green World. This is the ecology-oriented (or Green) movement of the Ukraine, which held its organizing congress in October, 1989, although it had already been functioning for about two years. These groups' concern for the ecology and the evident appeal of the Green movement to voters in the Ukraine rises from the appalling levels of pollution in the republic.⁷

⁵Riina Kionka, "Elections to Estonian Supreme Soviet," *Report on the U.S.S.R.*, vol. 2, no. 14 (April 6, 1990), pp. 22-24.

⁶As reported in *The New York Times*, May 16, 1990. Note especially the photograph of violent protest in Estonia, p. 1.

⁷David Marples, "Ecological Issues Discussed at Founding Congress of 'Zelenyi Svit,'" *Report on the U.S.S.R.*, vol. 2, no. 5 (February 2, 1990), pp. 21-22; and "A Sociological Survey of 'Rukh,'" *ibid.*, vol. 2, no. 2 (January 12, 1990), pp. 18-20. An extensive survey of developments in the Ukraine in the period 1987-1989 may be found in Taras Kuzio, "Unofficial Groups and Publications in Ukraine," *ibid.*, vol. 1, no. 47 (November 24, 1989), pp. 10-21.

In anticipation of the March, 1990, elections to the republic parliament, these groups and others—some 40 in all—formed an electoral alliance under the name Democratic Bloc. Candidates associated with this bloc won impressive victories, capturing 108 of 450 seats. While this gives the opposition a substantial voice in the republic, it does not yet give the opposition the power to move the Ukraine in the direction of genuine independence. But there is wide support for significant democratization in the Ukraine and greater autonomy for the republic. In a poll conducted by Radio Kiev of newly elected members of the parliament, 38 percent supported independence for the Ukraine within a reconstructed confederation, while 10 percent supported complete Ukrainian independence. Even among members of the Communist party of the Ukraine, support for increased autonomy for the republic is widespread.⁸

Even more important, the Lithuanian declaration of independence, and especially the hostility of Gorbachev's response to it, has apparently radicalized at least some leaders of the Ukrainian opposition. One leader of *Rukh* maintained that Gorbachev's approach led him and his colleagues "to the conclusion that the regaining of national sovereignty within the Soviet Union is impossible" and that the federation Gorbachev describes "will still be the same old house with a repainted facade." According to this leader, the Ukraine will secede within a few years, causing the U.S.S.R. to collapse.⁹ The events in Lithuania have also increased the pressure on the Ukrainian party leadership to assume a more sympathetic position on Ukrainian independence than the pro forma support it has offered thus far. Any further effort to accommodate popular demands for autonomy, however, is likely to polarize the Ukrainian party. Thus developments in the Ukraine may be moving rapidly toward the Baltic model.

In Georgia, the processes of political mobilization and polarization of positions are already well developed, intensified by the military and the internal police troops' bloody attack on peaceful demonstrators in Tblisi in April, 1989. About 150 political movements and groups seeking change in Georgia and the Soviet Union are now active. They include

radical political parties that refuse to recognize the legitimacy of Soviet power and seek to restore the pre-1921 Georgian Democratic Republic; more moderate political parties pursuing democratization, reform and eventual independence; ecological groups; religious and cultural societies; groups representing the ethnic minorities of the republic; and others.

The Georgian Popular Front founded in August, 1989, has been unable to generate as much support or establish as much influence in the republic as has *Sajudis* in Lithuania or *Rukh* in the Ukraine. Instead, the many groups active in the republic have decided to organize their own independent elections to an alternative parliamentary body that will elect a coalition government to negotiate the republic's secession from the Soviet Union.¹⁰

In effect, the Georgian opposition movements have decided to pursue the same strategy as the one adopted by the Estonian Citizens' Committee. In Georgia, however, this strategy is likely to produce more radical results. Like the Estonians, the Georgians believe that the cultural survival of their nation is threatened. This perception is fueled by the demographic growth of ethnic minorities in Georgia and by their demands for independence. Unlike the Estonians, however, the Georgians retain enough power in their own republic to press any demand that enjoys widespread support among the Georgian people, even at the expense of the indigenous minorities.

THE RUSSIAN QUESTION

The fate of the Soviet Union is inextricably linked with developments in the Russian republic and the Russian nation.¹¹ During 1990, these developments offered contradictory signs for the future. Democratization of the Soviet electoral process and the strengthening of representative institutions at all levels of the political system, as well as the decision to strengthen the powers and prerogatives of the Russian republic in the Soviet federation, have been used by democratically inclined popular groups in the Russian republic (R.S.F.S.R.) to establish political strongholds from which to push for an acceleration of reform. But conservative political forces have seized on the decision to permit the creation of a separate Communist party organization for the Russian republic in order to establish an

(Continued on page 340)

⁸David Marples, "The Communist Party of Ukraine: A Fading Force?" *Report on the U.S.S.R.*, vol. 2, no. 23 (June 8, 1990), p. 21-22; and "Ukrainian Parliamentarians Polled on Sovereignty," *ibid.*, vol. 2, no. 26 (June 29, 1990), p. 18.

⁹Cited in Paul Goble, "Gorbachev's Baltic Policy Backfires," *Report on the U.S.S.R.*, vol. 2, no. 21 (May 25, 1990), p. 2.

¹⁰Elizabeth Fuller, "Georgia Edges Toward Secession," *Report on the U.S.S.R.*, vol. 2, no. 22 (June 1, 1990), pp. 14-18.

¹¹For an insightful exploration of this linkage, see Roman Szporluk, "Dilemmas of Russian Nationalism," *Problems of Communism*, vol. 38, no. 4 (July-August, 1989), pp. 15-35.

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"As a result of President Mikhail Gorbachev's reforms, Soviet Asian republics have developed assertive popular movements and are emerging as budding independent actors. These popular movements are essentially anticolonial, reformist and nationalist."

Nationalist Movements in Soviet Asia

BY SHIREEN T. HUNTER

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ONE of the most important, albeit unintended, consequences of President Mikhail Gorbachev's reform policy has been the unleashing of popular forces throughout the Soviet Union.

Within barely three years, a variety of political and other groups have sprung up in the Soviet Asian republics. Their views and agendas differ, but all these groups share a strong desire for political, economic and cultural independence. The groups differ principally as to the extent of independence they demand and their willingness to maintain some links to Moscow.

Attitudes toward links with Moscow are as yet divided and in flux, but all agree that the current situation is untenable. Moscow, too, after trying to subdue autonomist tendencies through so-called internationalist education, has concluded that decentralization and the granting of greater autonomy just short of secession is inevitable. What is uncertain is Moscow's ability to implement this policy and to avoid disintegration.

The process of disintegration will not be encouraged solely by the non-Russian republics, as evidenced by the Russian republic's declaration of independence on May 29, 1990. In fact, a paradoxical trend is evident in the Soviet Union, where the non-Russian republics complain that Moscow plunders their natural resources, while ethnic Russians are unhappy that Moscow subsidizes the economies of the non-Russian republics.

Growing interethnic violence in the Asian republics has frequently necessitated the dispatch of Russian troops—an action that is also highly resented and contributes to the belief that the central government should relinquish these republics. Although the shape of future political arrangements in the Soviet Union—a loose federation, a confederation or total devolution—is undecided, it is clear that Asian republics will soon become largely independent actors.

Thus the republics' future political, social and economic structure, the character of their emerging leadership elite and their philosophical inclinations, and how they will relate to one another and to the outside world acquire significance beyond their own borders. Indeed, events in these republics could reshape the political map of a region extending from Turkey to Afghanistan. At a minimum, their entry into the politics of Southwest Asia could increase the risk of conflict between them and some neighboring states and among neighboring states by reviving old rivalries and creating new ones. The risk of conflict is heightened by the lack of a strong sense of national and cultural identity among most republics, territorial and cultural disputes among them—and between them and some neighboring states—compounded by the efforts of outside forces to influence their evolution according to their own interests. Regional cooperation, by contrast, could be enhanced by the fact that few of these republics can be economically viable alone.

WHITHER THE EMPIRE: AND WHY?

The strength of centrifugal forces in Soviet Asia reflects the failure of Russification and Sovietization, the tenacity of indigenous cultures, disillusionment with the economic results of socialism and hence the delegitimization of the concept of socialist internationalism as a focus of political loyalty and as a system that encourages economic and social development.

While it is difficult to determine the relative significance of these factors in unleashing centrifugal tendencies in Soviet Asia, all have been important. All these republics viewed the incorporation of their territory into the Soviet Union as a purely coercive and colonial act. In this sense, popular movements in Soviet Asia are very similar to past anticolonial movements in Asia and Africa. Economic grievances and complaints about corruption and inefficiency are equally widespread. For example, the demographic explosion and economic mismanagement have created severe unemployment problems, which are a major source of discontent and a principal cause of interethnic tensions.¹ Similarly, high

¹Azerbaijan's unemployment is estimated at around 40 percent. Rural unemployment has caused a massive urban drift, exacerbating housing shortages and contributing to interethnic tensions.

prices, inadequate housing and consumer shortages are a principal cause of popular complaint and often the source of interethnic tensions. During the Kazakhstan disturbances of July, 1989, the rioters complained of the high prices charged by the cooperatives run by immigrants from the Caucasus and demanded their expulsion.²

Disturbances in Tajikistan in the winter of 1990 were prompted partly by rumors that Armenian refugees were to be settled in the area, thus causing anxiety over the impact of such moves on the housing situation, and were the real cause of anti-Armenian sentiments.³ The same factors contributed to Azerbaijani-Armenian clashes in January, 1990. Environmental degradation is another grievance against Moscow. The environmental predicament of these republics is best symbolized by the case of the Aral Sea.⁴

Among the cultural factors contributing to dis-

²In June, 1989, the rioters in the Kazakh city of Novyi Uzen demanded the "provision of jobs for unemployed Kazakhs" and the "expulsion of all settlers from the Caucasus." Ann Sheehy, "Interethnic Disturbances in Western Kazakhstan," *Report on the U.S.S.R.*, vol. 1, no. 27 (July 7, 1989), p. 11.

³See Bess Brown, "Unrest in Tajikistan," *Report on the U.S.S.R.*, vol. 2, no. 8 (February 23, 1990), p. 28.

⁴See James Critchlow, "The Politburo's Efforts to Deal with the Aral Sea Disaster," *Radio Liberty Research*, September 28, 1988; also Philip P. Micklin, "Desiccation of the Aral Sea: A Water Management Disaster in the Soviet Union," *Science*, September 25, 1988. The Aral Sea became desiccated because of overdevelopment of the region around it.

⁵In July, 1989, Tajik was made the state language in Tajikistan. Also, James Critchlow, "Uzbeks Demand Elimination of Non-Native Place Names," *Report on the U.S.S.R.*, vol. 2, no. 3 (January 19, 1990), pp. 19-20; Azade-Ayse Rorlich, "The Return of the Arabic Alphabet," *Report on the U.S.S.R.*, vol. 2, no. 18 (May 4, 1990), pp. 20-22; Turkmen efforts at cultural regeneration in Annette Bohr, "Turkmenistan Under Perestroika," *Report on the U.S.S.R.*, vol. 2, no. 12 (March 23, 1990), pp. 26-28; Ben Brown and John Soper, "Major Kazakh Poet Rehabilitated," *Radio Liberty Research*, May 2, 1988, p. 1.

⁶See Ann Sheehy, "Tajiks Question Republican Frontiers," *Radio Liberty Research*, August 11, 1988, pp. 1-5.

⁷See Edward G. Brown, *Literary History of Persia*, 5 volumes (Cambridge: Cambridge University Press, 1929). Also see *Cambridge History of Iran: From the Arab Invasion to the Seljuks*, vol. 6 (Cambridge: Cambridge University Press, 1975).

⁸See Audrey L. Altstadt, "Azerbaijanis Reassess Their History," *Report on the U.S.S.R.*, vol. 1, no. 23 (August 18, 1988), pp. 18-19. Azerbaijan's name denotes its Persian origins, as it is derived from the name of its satrap under the Achaemenids' "Athorpates," meaning guardian of fire. Moreover, most parts of Soviet Azerbaijan historically were called Aran. The name Azerbaijan for the Soviet part was first used in 1918 by the Ottomans, who were trying to bring that area under their control and were also eyeing Iranian Azerbaijan.

⁹"Gulistan," a poem by Bakhtiar Vahabzadeh, the pan-Turkic leader of the Azerbaijan People's Front, attacks Iran and Russia for dividing the two Azerbaijanis. Anyone remotely familiar with history knows that this was not the case. However, the theme of Russo-Iranian collusion is promoted partly to blunt any popular feelings of solidarity with Iran because of religion and other links.

content are Moscow's policies of Russification and Sovietization. Certain aspects of this policy, especially the reinterpretation and falsification of historical records, have created new problems.

The Asian republics particularly resent the changes in their alphabet; the use of Russian words, names, and terms; the neglect of indigenous literary works; and the Soviet antireligious campaign. They complain that these actions have deprived them of an important part of their cultural legacy and have barred communication with their ethnic and linguistic kin and with the neighboring areas. Therefore, all their popular movements, and even their current governments, have taken measures to change the alphabet from Cyrillic to either Latin or Arabic, to make the local languages the official language, to reinstate the original names of the cities and to rehabilitate local literary figures.⁵ Thus, popular movements in these republics have a strong cultural dimension.

Growing cultural assertiveness, however, has intensified rivalry and friction between certain republics and has led to a creative reinterpretation of history. For example, the Tajiks and the Uzbeks hotly dispute which one of them is heir to Iran's cultural legacy; both claim Persian poets and scientists from the tenth to the sixteenth centuries as their own.⁶

What is conveniently ignored is the fact that this region and large parts of present-day Afghanistan formed the Greater Khorassan, where the Persian literary and political renaissance of the post-Arab conquest occurred and a new Persian known as Farsi-e-Dari emerged.⁷ The Soviet Azerbaijanis also claim Iranian literary figures, including the poet Mohammed Hossein Shahryar of Tabriz.

The Azeri nationalists are also creating a history for Azerbaijan dating back to 500 B.C., without any reference to Iran. Ironically, they are not conscious of contradictions between such claims and their pan-Turkic sentiments, since the Turkification of Azerbaijan was completed only in the sixteenth century. The most blatant case of historic falsification, however, is the nationalists' reinterpretation of the two treaties of Gulistan (1808) and Turkmanchai (1828) between Iran and Russia. The nationalists view these treaties as a Russo-Iranian plot to divide Azerbaijan, rather than the result of Russian imperial expansion at Iran's expense.⁹ This situation is, however, largely the result of past Soviet policies and a conscious Soviet falsification of history for political reasons. Cultural assertiveness is accompanied by a greater interest in Islam. As Russification has failed to submerge indigenous cultures, Marxism-Leninism has failed to replace Islam.

This failure has been due partly to the fact that

Islam is also a way of life and an essential part of the Muslim cultural identity. The strength of Islam has been evident in the survival of Islamic rites, despite official discouragement.¹⁰ Moreover, traditional Islam in this region is of the unorthodox variety that places considerable emphasis on Sufi Brotherhoods and the veneration of religious figures. These practices can, and have, continued discreetly. Indeed, this resilience has given rise to the phenomenon of so-called parallel Islam, namely a grass-roots Islam, as opposed to the officially sanctioned Islamic boards.

With rising global Islamic consciousness and the possibilities offered by glasnost, Soviet Muslims are asserting their allegiance to Islam. This assertiveness is manifested in the opening of mosques, requests to other Muslim countries like Saudi Arabia and Iran for copies of the Koran and religious books and efforts to forge closer ties with other Muslims.

However, despite fears that extremist Islam may dominate politics in these republics, these fears have not materialized thus far. There are some fundamentalist groups, especially in Uzbekistan and Tajikistan, but they are of the Wahhabi rather than the Iranian variety. Saudi assistance and the support of Saudi-sponsored Afghan and Pakistani fundamentalists are largely responsible for this phenomenon. Wahhabi proselytizing, however, has exacerbated interethnic tensions in Uzbekistan, especially between Uzbeks and Shia Meshketian Turks.¹¹ Islam's political appeal lies largely in its provision for an ideological and moral framework for a post-socialist society. Indeed, Christianity is playing a similar role in Georgia and Armenia. In sum, the desire to accord Islam a more important social and political role and to make Muslim Soviet republics an integral part of the Islamic world are goals pursued by many popular movements in Soviet Asia. However, Islam is only one of the forces animating and motivating these movements.

RANGE AND CHARACTER OF GROUPS

Not all the groups that have emerged in Soviet Asia in the last two years can be characterized as political, nationalist or independence movements, although all have a political dimension. These groups fall into the following categories.

Professional groupings, youth organizations, literary associations. These include the Kazakh

¹⁰See Alexandre Bennigsen, "New Islamic Funeral Monuments Being Built in Kazakhstan," *Radio Liberty Research*, January 11, 1988, pp. 1-3; Muriel Atkin, "The Survival of Islam in Soviet Tajikistan," *The Middle East Journal*, vol. 43, no. 4 (Autumn, 1989), pp. 605-617.

¹¹See "Muslims Demonstrate: Tashkent Parade in Doubt," Foreign Broadcast Information Service, *Soviet Union Daily Report* (cited as FBIS), May 9, 1990, p. 103. The demonstration was organized by members of the Wahhabi Muslim organization.

Writers Union in Kazakhstan; the Baku Center for the Arts; Gala, a group formed to preserve and restore historical and architectural monuments, in Azerbaijan; Chanlibel, a group for promoting and popularizing Azerbaijan's culture and history; Tajikistan's principal scientific group, Khazina; and its cultural group, the Tajik Language Fund, whose goal is to stress the connection between Tajik and Persian culture, promote classical Tajik literature and restore Tajik traditions.

Environmental or "Green" movements. Among them are the Green Front in Alma-Ata, the capital of Kazakhstan, and the Azerbaijan Green party.

Gradualist reform movements. One example is Yavaran-e-perestroika (the helpers of perestroika) in Tajikistan.

Political groupings. Groups in Azerbaijan or Armenia have names like the Popular Front or the National Front. Others have names that suggest unity (like the Birlik in Uzbekistan) or renaissance (like the Rastakhis in Tajikistan). There are also a number of political parties in the pattern of those in Western democracies, especially in Georgia.

There is a wide range of tendencies and some sharp differences within these groups. But they share certain principal objectives, including political and economic independence (although different groups want different degrees of independence); economic and social regeneration; the fight against corruption; political liberalization and cultural authenticity. Thus, popular movements in these republics have an important social and economic content and are essentially reform movements.

Birlik is Uzbekistan's People's Front. This organization is fairly moderate, calls for independence but does not advocate secession and demands the "transformation of Uzbekistan into an independent republic that can determine its own fate within the union." However, the stated objectives of such a group do not always accurately reflect its long-term goals.

Birlik's other objectives are agricultural reform (especially an end to cotton monoculture, privatization and decentralization), the creation of textile industries, the establishment of direct trade links between Uzbekistan and other Soviet republics or foreign countries, local control over the republic's natural resources, the reform of the language policy, the reinstitution of original Uzbek names, the revival of Uzbek history and culture, the expansion of cultural relations with other countries and environmental protection. Considering that the government of Uzbekistan declared its sovereignty on June 21, 1990, it appears that the movement has succeeded in achieving its most important goal. However, one of Birlik's leaders, who has formed a

new Democratic party in Uzbekistan called Erk, indicated that he believes this is only a hollow independence.¹²

Rastakhis (meaning resurrection) is the Tajik group with the strongest nationalist tendencies. Judging by the group's slogan, "good thoughts, good words, good works," the old Zoroastrian dictum, the group gets its inspiration from the ancient pre-Islamic Iranian culture.¹³

The nationalist tendencies of the group are also evidenced by its strong attack on the Soviet press, accusing it of instigating the disturbances in Dushanbe in February, 1990, and aiming at the overthrow of Soviet power.

Ru-Ba-Ru (Face to Face) is also a decidedly nationalist group.

Yavaran-e-perestroika (the helpers of perestroika) is a coalition of Tajik intellectuals. Led by Askar Hakim, editor in chief of the journal *Adabiyat va Sanat* (Literature and Art), and Loik Sherali, editor in chief of the Tajik-language literary journal *Sedaye-Shargh* (The Voice of the East), this group has been engaged in creating a Tajik Popular Front along the lines of those of the Baltic republics; it also has a much more cautious attitude toward issues of national independence.¹⁴

The Alma Ata Popular Front in Kazakhstan is trying to unite diverse popular groups under a United Front structure. The Front does not seem to have yet developed a comprehensive program beyond declaring support for perestroika and calling for an end to privileges.

Ogziyirlik is the principal popular movement in Turkmenistan, which is somewhat behind other republics in the development of popular movements. It is a democratic advocacy group that aims at bringing glasnost to the republic and ending the cycle of poverty and what it sees as the colonialization of the republic's resources.¹⁵

Azerbaijan Khalq Jibhesi (Azerbaijan Popular Front) was founded in 1989 and gained prominence during the January, 1990, crisis in Baku that led to Soviet military intervention. The Azerbaijan-Ar-

menian dispute over Nagorno-Karabakh initially propelled the Front into prominence. The Front's ideology is basically secular, modernist and pan-Turkic. Its leaders have often indicated that they want to emulate Kemal Ataturk's Turkey and have vehemently denied any charges that they want to create an Islamic republic based on the Iranian model.¹⁶

The Soviet authorities have accused the Front of having secessionist aspirations, but Front leaders deny such allegations and accuse Soviet leaders of wanting to crush Azerbaijan's democratization and autonomy.

However, the Front is sharply divided, and thus it is more likely that pan-Turkic and secular tendencies coexist with Islamic sentiments. During the January disturbances, the Front and Azerbaijan's Sheikh-al-Islam (its principal religious leader) were cooperating. Moreover, denials of Islamic influence are aimed partly to assuage Western fears and to gain international sympathy for the Front in its conflict with Armenia. The Front also has irredentist ambitions toward Iranian Azerbaijan.

Dirchalish (the Azerbaijan Rebirth party) unequivocally calls for a separate and independent Azerbaijan.

Kyzylbash, named after the elite troops of the Turkic Safavid kings who unified Iran in 1491, also seeks the unification of Iranian and Soviet Azerbaijan as an independent country, although its very name indicates a certain pull toward Iran.

The All-Armenian National Movement (AAM) is the umbrella organization for nearly 40 Armenian groups. The AAM evolved from the efforts of the Armenians of Nagorno-Karabakh to join Soviet Armenia.

The Karabakh Armenians formed the Artsakh movement, which was expanded to other areas of Armenia to seek grass-roots support. By August, 1988, the principal outlines of the AAM platform had been worked out. The AAM's ideology is nationalist, aiming to reestablish Armenia as an independent state with a democratic system of government. It also wants to regenerate Armenian culture and language, to reassert Christianity as a principal component of the Armenians' cultural identity and as a guarantor of its moral and spiritual vitality, to enable Armenia to establish diplomatic relations with other countries and to participate in international organizations. The AAM also espouses the Armenians' more long-standing grievances like those related to the Turkish genocide of 1915 and
(Continued on page 337)

¹²See "Soviet Uzbekistan Proclaims Autonomy from Kremlin," *Washington Post*, June 21, 1990; "New Democratic Party Founded in Uzbekistan," FBIS, May 9, 1990, p. 103; "Defiance of Kremlin's Control Is Accelerating in Soviet Asia," *The New York Times*, July 1, 1990.

¹³The Soviet government has accused Rastakhis of wanting to "overthrow Soviet power in Tajikistan." See the report of Tass observer Viktor Ponomarev, "More on Background to Dushanbe Events," in FBIS, May 14, 1990, pp. 130-133.

¹⁴See Annette Bohr, "Formation of a People's Front in Tajikistan," *Radio Liberty Research*, November 16, 1988, pp. 1-3.

¹⁵See David Remnick, "In Soviet Central Asia Death Stalks the Children," *Washington Post*, May 22, 1990; Bess Brown, "Democratization in Turkmenistan," *Report on the U.S.S.R.*, vol. 2, no. 22 (June 1, 1990), pp. 13-14.

¹⁶This assessment is based on personal interviews.

Shireen T. Hunter's latest book is *Iran and the World: Continuity in a Revolutionary Decade* (Bloomington, Ind.: Indiana University Press, 1990).

"Five years of perestroika have not remedied the chronic problems of Soviet agriculture: high costs, excess demand, waste in transport and marketing and a worsening financial crisis. In 1989-1990, transport slowdowns, excessive monetary expansion and a deteriorating distribution system worsened these problems and heightened public anxiety about the food supply."

Soviet Agriculture under Perestroika

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IN the U.S.S.R., agriculture's persistent problems continue to impede economic reform and undermine public confidence in perestroika.* Empty shelves in state food stores and rising prices elsewhere influence public assessment of the economic reform. Residents in one-fifth of 445 cities sampled in 1989 reported coupon rationing for meat; rationing of sugar was universal.¹ The volume of food imports rose in 1989 and domestic production increased, but a major deterioration in distribution kept the amount of food marketed unchanged from 1988.

As of summer, 1990, the old system has apparently ceased to function even at its usual level of competence. Yet there is insufficient economic leadership and political consensus to move to a new system.

The slide is evident in first quarter economic statistics.² Aggregate gross national product (GNP) fell one percent compared with GNP in the first quarter of 1989. Monthly wages for workers and white collar employees rose 9 percent, and for collective farm employees, 10 percent, compared with the first quarter of 1989. Increased earnings in the cooperative sector were higher, and average money incomes went up 13.3 percent. In the face of sharply higher nominal demand, production of processed agricultural products was roughly constant. Production of processed meat, fish, vegetable oil, bread, salt and canned goods fell, and production of animal fat, dairy products, margarine and confectionery rose. Alcoholic beverage production rose 8 percent over the first quarter of 1989, and constituted the only significant increase for processed food products.

At the farm level, feed shortages reduced the production of livestock products, providing graphic evidence of the lingering malignancy of the old sys-

tem. The 1989 grain crop of 211 million tons (uncleaned) was much better than the 1988 crop, 195 million tons; imports remained large, so aggregate availability of concentrate feed increased. Despite the relative abundance of grain, deterioration in marketing and transport exacerbated feed shortages. Managers reduced animal inventories, but not enough to forestall the decline in productivity.

State purchases of agricultural products fell more than production did, reflecting the deterioration of the state marketing system. Alternative marketing channels through cooperatives or increased volume on collective farm markets either are not yet functioning or are not well reported in official statistics. The largest decline in meat deliveries was in the Caucasus (29 percent in Georgia), but eleven republics showed decreased meat deliveries. Milk deliveries fell in six republics. Production of hothouse fruits and vegetables fell in aggregate by 15 percent compared with the first quarter of 1989, which was not a good period. Very large reductions in sales of early fruits and vegetables from Central Asia are reported, presaging severe shortages later in the year. Deliveries of fertilizer and liming materials are reported down about 10 percent compared with the first quarter of 1989.

Imports of foodstuffs remain high despite higher prices. The large volume of imports puts further pressure on the hard currency balance of payments and testifies to continued excess demand for food.

This deterioration comes at the close of Soviet President Mikhail Gorbachev's five-year transformation of Soviet cultural, political and intellectual life. In agriculture, this period can be considered only as one of several costly missed opportunities, the effects of which will be felt even more acutely over the coming months. From 1985 to 1990 agricultural production improved very modestly, but not enough to offset the increase in demand resulting from poor control of nominal wages. Agriculture utilizes 19 percent of the total labor force and absorbs 17 percent of total investment, yet this commitment of resources has failed to meet rising demand for food and fiber. A chronic agricultural

*An earlier and longer version of this article, prepared for the John M. Olin Critical Issues Seminar at the Russian Research Center, Harvard University, February 26, 1990, appeared in *Problems of Communism*, March-April, 1990.

¹*Ekonomika i zhizn*, no. 6 (February, 1990), p. 16.

²*Ekonomika i zhizn*, no. 18 (April, 1990), pp. 15-18.

Table 1: Soviet Agricultural Production, 1981-1989

(millions of metric tons, unless otherwise specified)

Commodity	1987	1988	1989
Grain (uncleaned)	211.4	195.0	211.1
Grain (cleaned)	n.a.	180.2	196.4
Sugarbeets	90.4	87.8	97.5
Sunflower seed	6.1	6.2	7.0
Cotton (raw)	8.1	8.7	8.6
Potatoes	75.9	62.7	72.0
Vegetables and melons	n.a.	34.5	33.5
Fruits and berries	8.2	8.9	9.9
Grapes	n.a.	5.6	4.9
Meat (slaughter weight)	18.9	19.7	20.0
Milk	103.8	106.8	108.1
Eggs (billions)	82.7	85.2	84.6
Wool (1,000 tons)	461	476	474

Source: "The Socio-Economic Development of the U.S.S.R. in 1989," *Ekonomika i zhizn* (Moscow), no. 6 (February, 1990), pp. 15-19.

financial crisis drains funds from the state budget and the banking system and is also a conduit through which excess money supply passes into general circulation.

Despite agriculture's centrality to the reform process, efforts to reform the sector began late. Not until late 1987 was Gorbachev's initial, ineffective agricultural policy put to serious scrutiny and found wanting. Deteriorating agricultural finances at the farm level and in the state budget triggered a reassessment of agricultural policy in 1988.

The reassessment culminated in an effort, launched by an endorsement of contract leasing at the March, 1989, plenum, radically to change land tenure and the contractual relations of traditional collectivized agriculture. The discussions after the March, 1989, plenum appeared initially to presage a fundamental break with the canonical prohibition on private ownership of land. By the time the new land law was approved in March, 1990, however, the wave of conservatism and the fear of radical reform that surfaced in the fall of 1989 had similarly thwarted the proponents of radical reform of land tenure. The new land law sanctions restricted private ownership of land, but prohibits the purchase, sale or mortgage of land. The prohibition is costly because the commercial credit arrangements needed for investment in a viable private agricultural sector cannot thrive without land markets and land as collateral.

The Soviet Union enters the 1990's with deteriorating agricultural production and marketing, near chaos in retail trade in food and no coherent policy framework for the transition to post-collectivist agriculture. Tenure issues, like leasing and limited private ownership, have been in the forefront of the agricultural reform since 1988. These are very important, but without changes in pricing, marketing

and input supply, new tenurial arrangements function poorly. Few producers have taken advantage of the new opportunities; tenure change alone will not solve the problems of agricultural supply. The emphasis on tenure reform does not address the needs of the better state and collective farms for more rational prices, input supply, open marketing channels and consumer goods for the countryside. The short-term supply response will have to come from these farms, but their potential for improvement is still untapped; unreformed prices and input rationing favor marginal farms.

Many people perceive the food situation to be worsening. Food problems are real, not figments of consumers' imaginations. Yet the heightened sense of crisis cannot be attributed to supply problems alone. Production of most products increased moderately in the latter half of the 1980's. The production of grain, meat and milk rose substantially, although not enough to meet production and consumption targets. The food economy's vulnerability to macroeconomic imbalance and a deteriorating transportation system led to the worsened shortages. Excess money supply shows up immediately in food markets, particularly in larger cities where people travel in search of consumer goods. Nationalist tensions, strikes, work slowdowns and localized fuel shortages disrupted transport and slowed distribution of domestic and imported food.

Inflationary shortages and transportation bottlenecks add to the rising production costs, waste and loss, financial stress and disequilibrium in consumer markets that are all chronic problems of Soviet agriculture.

THE SUPPLY SIDE

Grain production in the last half of the 1980's increased 15 percent over the average for the first half. Production of sugarbeets and vegetable oil also increased, as shown in Table 1. Meat production rose 19 percent over the period, and increases for milk and eggs were also sizable. Table 1 shows declines in the production of potatoes and fruits and stagnant levels for cotton and vegetables.

Production problems contribute to shortages of fruit, potatoes and vegetables, but in aggregate the production figures do not confirm the rising sense of crisis. Distribution, however, changed dramatically over the past year. Transport bottlenecks and nationalist tensions disrupted internal trade, but the call for regional self-sufficiency issued in spring, 1989, probably had a greater impact. At the March plenum and afterward, Gorbachev exhorted local party leaders to rely less on feed delivered from the all-union fund and to try to meet their own needs for food and feed from local sources. This was intended to spur local production; instead, farm

managers and local officials dramatically reduced deliveries to the all-union fund, leaving state orders unfilled to secure their own feed supply. The liquidation of the national level super-ministry Gosagroprom (March, 1989) and devolution of powers to the republics may also have encouraged regional self-sufficiency at the expense of the all-union fund. In fulfillment of state orders, 59 million tons of grain were delivered, instead of the 86 million tons expected, although the latter figure was unrealistic to begin with.

In May, 1990, the government announced new grain prices roughly double those of the 1989 crop year, in the hope that producers would grow and market more grain.³ An ill-timed and poorly planned increase in bread prices, effective July 1, 1990, was in part an effort to pass the higher grain procurement price on to consumers. The announced increase in bread prices was rescinded after consumer protests.

Food imports remained high throughout the last half of the 1980's.⁴ Grain imports neared record highs in 1985, fell in 1986 and fluctuated above and below 35 million tons from 1987 to 1990. Imports of meat, vegetables, fruit and sugar remained stable at relatively high levels. Imports of oilseeds and meal rose sharply in 1986 and 1987 with the decision to try soy as a protein supplement again.

Cheap grain in the mid-1980's and subsidized imports after 1985 reduced the costs of postponing marketing reforms, but the cheap grain is now gone. Grain prices have turned sharply higher. The per unit subsidy on wheat sold to the Soviet Union through the United States Export Enhancement Program dropped from about \$40 per ton in May, 1986, to \$20 per ton in March, 1989, and since then to \$10 per ton. The purchase of some Soviet domestic grain for hard currency in 1989 (at approximately half the world price for commercially traded unsubsidized wheat) had very little effect on domestic procurement; purchases for hard currency con-

stituted less than 1 percent of domestic procurement of high quality wheat.

CONSUMPTION AND THE DEMAND SIDE

The per capita average consumption of major food items (except fruits and vegetables) is reported to have increased in the last half of the 1980's and so did consumer dissatisfaction. These apparently paradoxical developments demonstrate again that the food problem cannot be solved solely on the supply side.

The national averages in food consumption conceal wide regional variations in diet, because of differences in demography, income levels and access to rationed commodities.⁵ For example, reported meat consumption in the Baltic republics is about 80 kilograms per capita, and in Uzbekistan only 29.2 kilograms. Uzbek per capita consumption of many products has declined since 1985, and meat consumption does not differ much from levels in urban China.

Even in areas that are relatively well supplied with food, excess demand grew in the last half of the 1980's. More people went to Moscow, Leningrad and major cities in the Baltic republics in search of consumer electronics, housewares and clothing; their arrival added to the disequilibrium in food markets there. In many cities, now including Moscow, purchases of particular items are limited to local residents. The spread of rationing demonstrates the deterioration in the retail economy.

Excess demand is evident in the prices on collective farm markets, which exceed official state prices by a widening margin.⁶ Consumers' increased reliance on collective farm markets (with rising prices) and consumer cooperatives (with prices higher than official state levels) has accustomed many to movements in food prices that should ease the psychological adjustment to eventual price reform.

Consumers regularly complain about quality. And random checks conducted by the state's trading inspectors show a remarkable doubling and sometimes tripling since 1985 of the number of food products found to be substandard and either marked down or removed from trade.⁷ The substantial deterioration in 1989 may be linked to the general decline in distribution and marketing.

THE FINANCIAL CRISIS

In December, 1989, Finance Minister V.S. Pavlov announced that 73.5 billion rubles (approximately half the outstanding farm debt) would be written off.⁸ The conditions attached to debt relief do not appear to require genuine financial restructuring at the farm level. Farms that received fallout from the Chernobyl nuclear disaster and those recently converted to agricultural subsidiaries of in-

³*Selskaya zhizn*, May 9, 1990.

⁴See *Vneshnyaya trgovlya SSSR* (U.S.S.R. Foreign Trade), (Moscow: Finansy i statistika), annual volumes; *Narodnoye khozyaistvo SSSR v 1986 g.* (The U.S.S.R. National Economy in 1986), (Moscow: Finansy i statistika, 1987); and *Vneshniye ekonomicheskiye svyazy SSSR v 1988 g.* (The Foreign Economic Relations of the U.S.S.R. in 1988), (Moscow: Finansy i statistika, 1989).

⁵*U.S.S.R. Agriculture and Trade Report, Situation and Outlook Series* (Washington, D.C.), USDA ERS RS-1, May, 1989, p. 33; *Narodnoye khozyaistvo Uzbekskoi SSR, 1987* (Tashkent: State Committee of Statistics of the Uzbek Soviet Socialist Republic, 1988), p. 258; and various Soviet statistical sources.

⁶*Ekonomika i zhizn*, no. 6 (February, 1990); and *Narodnoye khozyaistvo SSSR v 1988 g.* (The U.S.S.R. National Economy in 1988), (Moscow: Finansy i statistika, 1989), p. 133.

⁷*Ekonomika i zhizn*, no. 7 (February, 1990), p. 12.

⁸*Sovietskaya Rossiya*, December 7, 1989.

dustrial enterprises will have all debts unconditionally forgiven. Others can write off debt in the same proportion as they lease their assets under lease contracts. This measure is intended to encourage and pressure recalcitrant managers to offer land, equipment and animals to potential leaseholders. Since the debt write-off was announced, there has been little discussion of its impact at either the farm or the macroeconomic level and its implementation has not been clarified.

The agricultural financial crisis at the macroeconomic level remains serious. In 1989, the direct subsidy to pay the difference between low retail prices and the costs to procure, process and transport food was 87.8 billion rubles and it was budgeted to grow in 1990 to 95.7 billion.⁹ This is approximately 11 percent of GNP. Three-fourths of the agricultural subsidy pays for meat and milk.¹⁰

The agricultural price subsidy contributes to macroeconomic imbalance. Between 1988 and 1990, agriculture has been both the perpetrator and the victim of inflationary pressure. The price system channels most of the producer subsidy to the least efficient, highest-cost producers. Prices and earnings for lower-cost producers have increased more moderately and have not kept pace with either the rise in the general price level or movements in world prices.

The food price subsidy has encroached on important social welfare programs.¹¹ Budgetary expenditures for health and education in 1987 were 48 percent higher than during 1976–1980; the food subsidy was 170 percent higher.¹² The safety net of social welfare programs needed for a more mobile labor force, including unemployment insurance for the transitionally unemployed and welfare for the marginally employable, will be difficult to finance unless the pressure of agriculture on the state budget is relieved.

REFORM AFTER MARCH, 1989

The March plenum in 1989 was a turning point in agricultural reform. At the March meeting, Gorbachev criticized the inherited agricultural organizations and campaigns, including his favorite—the collective contract. More than a year later, however, the outlines of a coherent policy framework for the agricultural transition are not yet clear. New

⁹*Ekonomicheskaya gazeta*, no. 40 (October, 1989), p. 11.

¹⁰V. Semenov, "Improving the Financial Mechanism of the Agro-Industrial Complex," *Ekonomika Selskogo Khozyaistva* (Moscow), no. 9 (1987), p. 35; idem, "Economic Accountability and Self-Financing," *APK* (Moscow), no. 3 (1989).

¹¹Gur Ofer, "The Welfare State in Soviet Economic Reform: Also Converging?" Paper presented at the Allied Social Science Association annual meeting, December 28–30, 1989, Atlanta, Georgia.

¹²*Ibid.*

laws on leasing, ownership and land strengthen the legal foundation for quasi-independent small operators, but marketing, pricing and finance continue to favor the state and collective farms. Moreover, the chairmen of the large farms are under little pressure to reorganize their operations to accommodate those who prefer to work independently.

Independent operators can hold land in limited private ownership (without rights to sale or mortgage), or they can lease land from a state or collective farm. Leasing, in turn, can take two forms. The first is called the targeted form, the more common form that binds producers closely to the parent farm. Targeted leases can be repackaged traditional labor contracts or genuinely new contractual relations, depending on the terms. A family, individual or small group contracts to manage a portion of the farm's assets, including land, machinery, animals and structures. All inputs and output are marketed through the parent farm. The contract specifies the quantity and prices of inputs that will be available and sets a target quantity of output that should be delivered to the farm in fulfillment of the contract. The mechanism for collecting the rent is the difference between the price the lessee receives for output and the higher price at which the farm resells output to the state procurement organizations.

Targeted leases are intended to be the main form of leasing. As long as farm managers are still subject to state orders and sales quotas, they prefer to control the product mix and input distribution that targeted leases allow.

The second form of lease is the free or fixed-rent contract, which is considered suitable for land and assets for which the manager of the parent farm has little alternative use. Small livestock operations in the nonblack soil zone far from the central farm or orchard, vegetable and flower operations that are too labor-intensive for the parent farm to manage effectively are offered on fixed-rent leases. Lessees under free leases market their own output, although they may market through the parent farm if both sides agree.

Data on the adoption of lease contracting are scarce and unreliable. There are apparently no mechanisms in place to monitor implementation or distinguish new contractual forms from old. Fragmentary figures corroborate the anecdotal evidence that few people are signing leases. As of mid-1989,

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Karen M. Brooks is coauthor, with D. Gale Johnson, of *Prospects for Soviet Agriculture in the 1980's* (Bloomington, Ind.: Indiana University Press, 1983), and has written articles on Soviet agricultural policies and reforms.

BOOK REVIEWS

ON THE SOVIET UNION

CRISIS AMID PLENTY: THE POLITICS OF SOVIET ENERGY UNDER BREZHNEV AND GORBACHEV. *By Thane Gustafson.* (Princeton, N.J.: Princeton University Press, 1989. 362 pages, appendices and index, \$29.95.)

Gustafson analyzes the seminal problem in Soviet energy—why a sector that has abundant reserves has been the most disruptive factor in Soviet industry since the mid-1970's. He claims that, thus far, Mikhail Gorbachev's energy policies have been all too similar to Leonid Brezhnev's and that definitive change is needed to prevent the energy sector from paralyzing efforts at industrial modernization.

Weak central management and the defects in the economic system have contributed to the current state of affairs. Yet the author is optimistic that a great deal of improvement can be brought about in gradual stages and with only modest reforms, making this task considerably easier than the reform of other sectors and thus less likely to create upheaval. But much depends on President Gorbachev's leadership ability to ensure even these changes. Debra E. Soled

MOSCOW AND THE THIRD WORLD UNDER GORBACHEV. *By W. Raymond Duncan and Carolyn McGiffert Ekedahl.* (Boulder, Col.: Westview Press, 1990. 260 pages, appendices, bibliography and index, cloth, \$29.95; paper, \$15.95.)

Acknowledging that there are various schools of thought on Soviet foreign policy, Duncan and Ekedahl argue that Soviet foreign policy toward the third world underwent a radical transformation after Mikhail Gorbachev assumed power in 1985. They analyze Gorbachev's "new thinking" in foreign policy, with an emphasis on economic and strategic priorities. The Soviet withdrawal from Afghanistan is given special attention.

Other chapters discuss the Middle East, Asia, sub-Saharan Africa and Latin America. This volume makes a convincing case that the Soviet Union's internal imperatives necessitated a move from ideological policymaking to pragmatic policy, a move that has resulted in a reduction of the military component of the Soviet Union's relations with the third world and greater emphasis on its economic ties. D.E.S.

SOVIET AGRICULTURE: COMPARATIVE

PERSPECTIVES. *Edited by Kenneth R. Gray.* (Ames, Iowa: Iowa State University Press, 1990. 298 pages and index, \$34.95.)

A collection of essays on contemporary Soviet agriculture, focusing on performance and organization, with some discussion of foreign experiences that provide valuable lessons for Soviet policy. Topics include rural housing policy, agricultural pricing, food imbalances, and dryland farming and soil conservation; among the authors are Folke Dovring, Kenneth R. Gray, Karen M. Brooks, and Alec Nove. D.E.S.

LITHUANIAN SOCIAL DEMOCRACY IN PERSPECTIVE, 1893-1914. *By Leonas Sabaliunas.* (Durham, N.C.: Duke University Press, 1990. 205 pages, appendices, notes, bibliography and index, \$29.95.)

With the recent Lithuanian demands to reassert Lithuania's independence, it is useful to recall the history of pre-1914 Lithuanian politics. This study focuses on the Marxist Social Democratic party and its relations with political actors like the Polish Socialist party, the Russian Social Democratic Labor party and the Jewish Bund. Of particular interest is the discussion on Lithuania's relationship with Russia. D.E.S.

ALSO RECEIVED

FEDERALISM AND NATIONALISM: THE STRUGGLE FOR REPUBLICAN RIGHTS IN THE U.S.S.R. *By Gregory Gleason.* (Boulder, Col.: Westview Press, 1990. 170 pages, bibliography and index, \$26.50.)

SOVIET DISUNION: A HISTORY OF THE NATIONALITIES PROBLEM IN THE U.S.S.R. *By Bohdan Nahaylo and Victor Swoboda.* (New York: The Free Press, 1990. 432 pages, notes, bibliography and index, \$29.95.)

BREAD AND AUTHORITY IN RUSSIA, 1914-1921. *By Lars T. Lih.* (Berkeley: University of California Press, 1990. 320 pages, \$38.00.)

COMMUNIST AGRICULTURE: FARMING IN THE SOVIET UNION AND EASTERN EUROPE. *Edited by Karl-Eugen Wädekin.* (New York: Routledge, Chapman and Hall, 1990. 331 pages, \$112.00.)

GORBACHEV AND HIS GENERALS: THE REFORM OF SOVIET MILITARY DOCTRINE. *Edited by William C. Green and Theodore Karasik.* (Boulder, Col.: Westview Press, 1990. 239 pages, appendices and index, \$24.95.) ■

WORLD DOCUMENTS

London Declaration on a "New Europe"

On July 6, 1990, a summit conference of the North Atlantic Treaty Organization (NATO) issued a declaration of NATO's new role as a result of changing conditions in Europe. The cold war has ended, according to the NATO allies, and a new role is evolving for NATO and for the Warsaw Treaty Organization. Recognizing this "New Europe," the members of NATO invited Soviet President Mikhail Gorbachev to address the North Atlantic Council. Excerpts follow, as transcribed by the Associated Press:

Europe has entered a new, promising era. Central and Eastern Europe is liberating itself. The Soviet Union has embarked on the long journey toward a free society. The walls that once confined people and ideas are collapsing. Europeans are determining their own destiny. They are choosing freedom. They are choosing economic liberty. They are choosing peace. They are choosing a Europe whole and free. As a consequence, this Alliance must and will adapt.

• • •

We recognize that, in the new Europe, the security of every state is inseparably linked to the security of its neighbors. NATO must become an institution where Europeans, Canadians and Americans work together not only for the common defense, but to build new partnerships with all the nations of Europe. The Atlantic Community must reach out to the countries of the East which were our adversaries in the cold war, and extend to them the hand of friendship.

We will remain a defensive alliance and will continue to defend all the territory of all of our members. We have no aggressive intentions and we commit ourselves to the peaceful resolution of all disputes. We will never in any circumstance be the first to use force.

The member states of the North Atlantic Alliance propose to the member states of the Warsaw Treaty Organization a joint declaration in which we solemnly state that we are no longer adversaries and reaffirm our intention to refrain from the threat or use of force against the territorial integrity or political independence of any state, or from acting in any other manner inconsistent with the purpose and principles of the United Nations Charter and with the C.S.C.E. [Conference on Security and Cooperation in Europe] Final Act. We invite all other C.S.C.E. member states to join us in this commitment to non-aggression.

In that spirit, and to reflect the changing political role of the Alliance, we today invite President Gorbachev on behalf of the Soviet Union, and representatives of the other Central and Eastern European countries, to come to Brussels and address the North Atlantic Council.

We today also invite the Governments of the Union of Soviet Socialist Republics, the Czech and Slovak Federal Republic, the Hungarian Republic, the Republic of Poland, the People's Republic of Bulgaria and Romania to come to NATO, not just to visit, but to establish regular diplomatic liaison with NATO. This will make it possible for us to share with them our thinking and deliberations in this historic period of change.

Our alliance will do its share to overcome the legacy of decades of suspicion. We are ready to intensify military contacts, including those of NATO Military Commanders, with Moscow and other Central and Eastern European capitals.

We welcome the invitation to NATO Secretary General Manfred Wörner to visit Moscow and meet with Soviet leaders.

• • •

The significant presence of North American conventional and U.S. nuclear forces in Europe demonstrates the underlying political compact that binds North America's fate to Europe's democ-

racies. But, as Europe changes, we must profoundly alter the way we think about defense.

To reduce our military requirements, sound arms control agreements are essential. That is why we put the highest priority on completing this year the first treaty to reduce and limit conventional armed forces in Europe along with the completion of a meaningful C.S.B.M. [confidence and security building measures] package. These talks should remain in continuous session until the work is done. Yet we hope to go further. We propose that, once a C.F.E. [Conventional Forces in Europe] Treaty is signed, follow-on talks should begin with the same membership and mandate, with the goal of building on the current agreement with additional measures, including measures to limit manpower in Europe. With this goal in mind, a commitment will be given at the time of signature of the C.F.E. Treaty concerning the manpower levels of a unified Germany.

• • •

As Soviet troops leave Eastern Europe and a treaty limiting conventional armed forces is implemented, the Alliance's integrated force structure and its strategy will change fundamentally to include the following elements:

- NATO will field smaller and restructured active forces. These forces will be highly mobile and versatile so that Allied leaders will have maximum flexibility in deciding how to respond to a crisis. It will rely increasingly on multinational corps made up of national units.

- NATO will scale back the readiness of its active units reducing training requirements and the number of exercises.

- NATO will rely more heavily on the ability to build up larger forces if and when they might be needed.

• • •

To keep the peace, the Alliance must maintain for the foreseeable future an appropriate mix of nuclear and conventional forces, based in Europe, and kept up to date where necessary. But, as a defensive Alliance, NATO has always stressed that none of its weapons will ever be used except in self-defense and that we seek the lowest and most stable level of nuclear forces needed to secure the prevention of war.

• • •

The political and military changes in Europe, and the prospects of further changes, now allow the Allies concerned to go further. They will thus modify the size and adapt the tasks of their nuclear deterrent forces. They have concluded that, as a result of the new political and military conditions in Europe, there will be a significantly reduced role for sub-strategic nuclear systems of the shortest range. They have decided specifically that, once negotiations begin on short-range nuclear forces, the Alliance will propose, in return for reciprocal action by the Soviet Union, the elimination of all its nuclear artillery shells from Europe.

• • •

Today, our Alliance begins a major transformation. Working with all the countries of Europe, we are determined to create enduring peace on this continent. ■

SOVIET ENERGY

(Continued from page 316)

many of the factors that had precipitated the first drop in output in 1984. No new major fields have been discovered or brought on line. In addition, the oil workers continue to rely heavily on water injection to increase oil extraction but, as noted earlier, this method tends to reduce output over the long run. Several new factors also affected production. The economic environment in the Soviet Union had begun to deteriorate so markedly that it began to feed back on itself and affect even well-run operations.

However, oil operations in Tyumen were not well run. Not only was the equipment faulty, but for years there had been complaints about the lack of decent housing and communal facilities for the workers assigned to the area. Nor was it only a shortage of food supplies. There were continual complaints about the barrack-type housing to which newly arrived workers were assigned. According to some estimates, about one-third of the Tyumen region's 700,000 oil workers were living in substandard housing. Many of them lived in trailers that for the most part lacked indoor plumbing.⁷ Eventually, such conditions came to have an impact not only on worker morale, but on productivity. Even Gorbachev was shocked to discover during his visit that in the whole region there was only one movie theater. No wonder morale was poor.

While the oil workers never formally went on strike to protest their living conditions, they threatened a strike on April 1, 1990.⁸ They were reacting in large measure to the coal miners in the Kuzbas and Vorkuta regions in west Siberia, who (along with the miners in the Donbas region) had gone out on strike in July, 1989. The miners' protests focused on such simple issues as an increase in their soap ration beyond the one bar allotted every three months. In some mines, the strike continued for three weeks. Ultimately, Prime Minister Nikolai Ryzhkov agreed to meet with representatives of the miners, and essentially he yielded to their demands. However, since there were shortages of consumer goods all over the Soviet Union, there were no readily available stocks for the miners. As a result, some miners have complained that there were fewer goods in their shops in July, 1990, than there had been a year earlier when the strikes began. The result was that output in the coal mines fell by 4 percent in 1989, and after the first five months of 1990,

output was down by 6 percent. To protest the government's failure to meet their demands, the miners declared a one-day strike on July 11, 1990, the anniversary of the beginning of the strike the year before. The 1990 strike, however, had an extended agenda that included the political demand that the Communist party remove itself from mining affairs. In the meantime, productivity continued to suffer.

Not surprisingly, these strikes have had a significant impact throughout the economy. Because the Soviet Union operates with little slack (economists say it is a taut economy), the decline in the production of one good affects a whole product stream, particularly in transportation. This adds to the production problem for all goods, but especially for energy production, which relies so heavily on transportation. As a consequence, there is a new form of confusion in the economy that Soviet planners have not encountered before. For example, the drop in oil supplies not only led to a form of informal gasoline rationing in Moscow, it also made it impossible to operate enough tractors during the harvest, which meant that the harvest would be smaller than it might otherwise have been.

On top of everything else, the infrastructure in both the coal and oil industries was in serious need of repair. The state of the country's pipeline network was of particular concern. There have been a series of gas and oil pipeline ruptures. In several instances, many lives were lost because of natural gas explosions. For example, 500 people were killed near Ufa in June, 1989, when a passing train set off a firestorm from a leaking natural gas pipeline. The pipeline was shut off for about eight months, which of course disrupted production at those factories that depended on natural gas to produce petrochemical products in the Urals and west Siberia.⁹ In the case of oil, the pipeline accidents have resulted in large oil spills. All in all, there were 62 pipeline breaks in 1989.

Once under way, such problems tend to feed on one another and spawn new difficulties. As a consequence, personal intervention by Gorbachev will probably no longer suffice to increase output. This is not to say that nothing can be done to improve the situation. One obvious approach has been to turn outside the Soviet Union for help. While foreign firms played a key role, often dominating the industry, in the pre- and immediate postrevolutionary periods, the Soviet government had prided itself on the fact that there had been no meaningful foreign involvement in Soviet industrial production since the 1920's. The Soviet oil industry had purchased Western technology, including a drill bit factory bought from Dresser Industries in the 1970's and 1980's. And occasionally, some Soviet manag-

⁷Moscow News, no. 13 (1990), pp. 8 and 9.

⁸Ibid.

⁹Radio Free Europe/Radio Liberty, *Soviet and East European Report*, vol. 7, no. 32 (June 1, 1990), p. 2.

ers sought Western technical assistance. But Soviet authorities had refused all offers of joint exploration and revenue sharing.

Their stand began to soften in the late 1970's. Soviet petroleum specialists understood that they lacked the technology needed to explore and drill in offshore areas of the Arctic region of the Barents Sea, as well as in hard-to-penetrate areas of Kazakhstan near the Caspian Sea. After a complicated set of negotiations, they worked out an arrangement with Philips Petroleum, specialists in offshore drilling. This represented an important ideological about-face for the Soviet Union; however, before a contract could be signed, the Soviet Union invaded Afghanistan. In the reaction that followed, such a joint venture with a Soviet partner became a political impossibility.

With time, the coming to power of Mikhail Gorbachev and the eventual withdrawal of Soviet troops from Afghanistan, the Western attitude toward the Soviet Union underwent a radical transformation. In 1987, Soviet officials began to discuss the need for new legislation. While the process has been beset by fits and starts, procedures have now been implemented for establishing joint ventures. The difficulties involved are enormous. Those opposed to the whole idea continue to dominate the bureaucracy and to do all they can to frustrate foreign intrusion into Soviet economic life. This is reflected in the fact that out of 2,000 joint ventures officially authorized as of July 1, 1990, only about 200 were actually operating. Nor is it only officials in Moscow who cause the problems. There are local bureaucrats who want a piece of the action, as well as members of the Green movement who are especially suspicious of foreign energy companies. As the Greens see it, foreign firms that have sold equipment to the Soviet Union in the past have seldom paused to worry about the environmental consequences. Now the Greens are determined to prevent the new joint ventures from doing the same thing.

After considerable debate and resistance, the Soviet Union nonetheless has agreed (at least in principle) to the formation of special joint ventures to explore and drill for oil. Société Nationale ELF Aquitaine, a French oil company, was one of the first to be given oil exploration rights. They were assigned to the Volga-Caspian area. They were followed by Chevron, which has undertaken to help develop the Tengiz oilfield in the northeastern part of the Caspian Sea near Kazakhstan.¹⁰ The Soviet Union has also announced that it will open areas for joint venture exploration in west Siberia, in the

Orenburg region and in six areas of east Siberia.¹¹ In addition, there are several other joint ventures designed to enhance not only exploration and extraction, but refining.

The need for increased output became especially pressing in early 1990, when Soviet planners found themselves unable to keep up their payments on their foreign debt. By July, they were \$3 billion in arrears on short-term obligations. While the growth in debt was the consequence of many factors, one of the main causes was a drop in oil exports. Not surprisingly, as oil output declined, exports fell by over 11 percent, from 205 million tons in 1988 to 185 million tons in 1989. As the main source of export earnings, this had adverse consequences.

CONCLUSION

The problems plaguing the energy sector of the Soviet economy are a microcosm of the difficulties confronting the entire Soviet economic system. That is not surprising, because the difficulties in the energy sector intensify the Soviet Union's problems. Beset by an aging infrastructure, misguided economic incentives, bureaucrats and party interference, and by a frustrated and neglected work force, the energy sector is little different from the rest of Soviet industry and agriculture. Only natural gas output is increasing and its rate of growth is far below what it was earlier.

If the Soviet Union is to regain its health, there must be a revival of the energy sector, perhaps preceded by but at a minimum accompanied by improvement in the overall situation. But the possibilities for reform are limited. More joint ventures will help; a new incentive system will help even more. It is hard to see, however, how such reforms can be instituted in an incremental fashion. No matter how many elections Gorbachev wins, the bureaucrats seem to live on to continue their disruptive efforts. A radical change of the sort introduced in Poland seems politically impossible; it would almost certainly bring social and political upheaval. In the end, the Soviet Union is apparently in for a long period of economic disruption and, in part, this is because the energy sector—once one of the Soviet Union's chief strengths—has now become one of its major weaknesses. ■

SOVIET AGRICULTURE

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in the Russian republic, 43 percent of collective and state farms reported that they had signed at least one contract; only 9 percent of agricultural workers were working under leases, some of which were undoubtedly not true leaseholds.¹³ At the end of 1989,

¹⁰The Wall Street Journal, June 4, 1990, p. A3.

¹¹James Clark, "Status of the Soviet Petroleum Industry," *Geopolitics of Energy*, vol. 12, no. 5 (May, 1990), p. 3.

¹³Vasilii R. Boev, *Razvitie arendnykh i podriadnykh otnoshenii v agropromyslennoy komplekse (rekommendatsii)* (Moscow: VNIESKh, 1989).

4,911, or 9 percent, of state and collective farms reported leasing activities, but it is unclear whether all or part of their assets were leased.¹⁴ The December, 1989, offer of debt relief for farms that lease assets will increase adoption and complicate the distinction between genuine leaseholds and older forms of labor organization.

Several reasons are cited for the slow adoption of leasing in 1989: farm managers do not want to give up control over their assets; potential lessees do not like to depend completely on a farm manager for inputs and the marketing of output; potential lessees take on greater risk in exchange for expected returns that may not exceed the guaranteed wage; even if lessees do earn more, the increasing disequilibrium on consumer markets limits the value of their earnings; the current pricing and marketing system discriminates against quasi-independent operators; and leases do not provide security of tenure, even if they are written for as long as 50 years.

The approach to agricultural policy since the March, 1989, plenum reflects the deep divisions between conservatives and proponents of fundamental change. Yegor Ligachev, as party secretary in charge of agriculture, articulated the view that collective and state farms could function well if only they had more machines, more chemicals, better roads and agricultural infrastructure, higher prices and plenty of credit. Many state and collective farm chairmen agree with Ligachev, and, until his defeat at the party congress in July, 1990, they had good reason to expect that this view might prevail.

Both conservatives and proponents of radical reform hoped that a supply response could precede price reform, although they looked to different sources of increased supply. More plentiful food would ease shortages and make consumers more willing to accept higher retail prices.

This expectation is flawed for several reasons. Without higher prices, consumer markets are in such disequilibrium that even a substantial supply response will go unnoticed. Consumers do not know whether they ate 67 or 70 kilograms of meat last year; they only know whether they can buy meat in the stores now. If tenure reform does bring a supply response, as the advocates of reform hope, it will be felt in the long run, not the short run. Moreover, the Soviet experience with lease contracting in 1989 demonstrates how difficult it is to reform tenure relations without changing pricing and marketing.

The current distorted pricing system impedes the reform of land tenure and marketing. Land has historically been offered to farms in the Soviet Union without charge. The state has collected implicit land rents through differentiated, farm-specific out-

put prices. Farm organization, rules governing land use and the pricing mechanism are thus so entwined that none can be changed independent of the others. If users are to pay for land directly through rents or use fees, output prices must be regularized and land must be valued. In the absence of a land market, there are few reliable guides for valuing land. Yet the assignment or reassignment of property rights without valuation and transfers confers windfall gains to recipients. The multiplicity of prices complicates the contractual negotiations and leads to monetization of current distorted asset values.

Price reform, assignment of land use fees for all categories of agricultural producers and changes in the financing and marketing of inputs and output will spur the adoption of new tenurial forms. They will furthermore improve the economic environment for the better state and collective farms and promote the much needed supply response.

Five years of perestroika have not remedied the chronic problems of Soviet agriculture: high costs, excess demand, waste in transport and marketing and a worsening financial crisis. In 1989-1990, transport slowdowns, excessive monetary expansion and a deteriorating distribution system worsened these problems and heightened public anxiety about the food supply. Agricultural policies adopted in 1985 failed and were replaced in 1989 by a stated commitment to fundamental reform. However, a coordinated program that includes changes in property relations, pricing, marketing and finance is not yet in place. Thus, agricultural reform, which has hardly begun, must move ahead quickly if agriculture is to promote rather than hinder perestroika. ■

SOVIET ASIA

(Continued from page 328)

Armenian claims to parts of Turkey.

The AAM so far has called only for the "acknowledgement of Armenia's full right in deciding to secede from the U.S.S.R.," although some of the groups under its umbrella are in fact seeking complete independence.

The Armenian National Army (ANA) is the military arm of the AAM. Its mainstream is moderate and rejects confrontation with Soviet troops. However, some ANA members have clashed with Soviet soldiers and have been accused of stealing weapons.

The National Forum (NF) is the umbrella organization in Georgia for an estimated 150 groups with diverging opinions and interests. Secessionist tendencies are very strong in the Georgian national movement. In the last week of May, 1990, 6,200 delegates assembled in Tbilisi for the National Forum's first congress and voted to elect a national

¹⁴*Ekonomika i zhizn*, no. 6 (February, 1990), p. 15.

congress, to form a transitional coalition government and to negotiate with Moscow on Georgia's secession.¹⁷ The strength of secessionist tendencies in Georgia is caused partly by the Soviet army's use of toxic gas against Georgian demonstrators on April 9, 1990.

However, significant philosophical differences divide the major political groups under the umbrella of NF. These groups could be roughly divided into radicals and moderates. The radical groups include the National Democratic party, the Georgian National Independence party, the Monarchist party, the Society of St. Illia the Righteous and the Republican Federative party.

These parties regard Soviet power in Georgia as illegitimate, since the Red Army invaded and occupied Georgia in 1921 in contravention of the non-intervention treaty between Soviet Russia and the Georgian Democratic Republic signed in May, 1920. They maintain that Georgia can achieve true independence only through the disintegration of the Soviet internal empire or by Moscow's acknowledgement that the imposition of Soviet power in 1921 was illegal. They are very influential and have been responsible for the destruction of statues of V.I. Lenin in Georgia.

The moderate groups include the Social Democratic party, the All-Georgian Rustaveli Society, and the Georgian Popular Front. The moderates believe that reform efforts toward the creation of a genuine multiparty system should be carried out within the existing political framework. They believe that the creation of a democratic system should precede independence. However, in the nationalist fervor sweeping Georgia, the moderates' argument does not sound convincing. Georgia itself has secessionist movements among its large minorities including the Abkhaz, Ossetians (a people of Iranian origin) and the Azerbaijanis.

REGIONALISM

In addition to internal problems, popular movements are also struggling with how to relate to their immediate and more distant confederates as the

¹⁷See Elizabeth Fuller, "Georgia Edges Toward Secession," *Report on the U.S.S.R.*, vol. 2, no. 22 (June 1, 1990), pp. 14-16.

¹⁸See Graham E. Fuller, "The Emergence of Central Asia," *Foreign Policy*, no. 78 (Spring, 1990), pp. 49-67.

¹⁹See Eden Naby, "Tajiks Reemphasize Iranian Heritage as Ethnic Pressures Mount in Central Asia," *Report on the U.S.S.R.*, vol. 2, no. 7 (February 16, 1990), pp. 20-22.

²⁰The Soviet ambassador to Afghanistan, Boris Postukhov, alleged that "special services" of the United States and Pakistan had helped to create a group known as the Union of Northern People in order to destabilize southern Soviet republics and were smuggling arms, subversive literature, money and illegal drugs to the Soviet Union. Vera Tolz, "U.S.S.R. This Week: Situation in Tajikistan," *Report on the U.S.S.R.*, vol. 2, no. 9 (March 2, 1990), p. 26.

bonds between Moscow and the Asian republics are loosening. Thus, notions like pan-Turkism, pan-Iranism and pan-Islamism, based on the unity of people who share the same ethnic and linguistic heritage and religion, are resurfacing.

Pan-Turkism is strong in the Turkic republics of Central Asia and within the leadership of Azerbaijan's Popular Front. It is also becoming attractive in Turkey. Within Turkey, certain Turkish politicians are finding pan-Turkism useful for domestic purposes. In the international arena, the nations of the West view favorably a greater role for Turkey in Azerbaijan and the entire region of Central Asia in order to counter Iran's influence.¹⁸

Currently Turkey is most interested in Azerbaijan, because of its proximity and Iran's challenge. However, despite the Azerbaijan Popular Front's protests, Turkey has a better chance of success in Central Asia than in Azerbaijan because of religious and historical differences and the fact that nearly 80 percent of the Azerbaijanis are Shias. Given the numerical superiority of Turkic people in Central Asia, talk of pan-Turkism is creating anxiety among the Tajiks who feel encircled, thus creating an interest among the Tajiks for closer ties with Iran and with the Persian-speaking parts of Afghanistan.¹⁹

Preoccupied with its internal problems, Iran is not currently focusing on these issues. The situation, however, may change, especially when Iran's rivals try to entrench themselves in the area.

"ISLAMISTAN"

Pakistan and Saudi Arabia are trying to gain a foothold under the banner of Islam. Some in Pakistan talk of creating an "Islamistan" that unites all Central Asia, Afghanistan and Pakistan. The Saudis are focusing on Wahhabi proselytizing. Soviet leaders have accused the Pakistani army's intelligence services of fomenting nationalist unrest in these republics.²⁰

The desire to establish closer contacts with other Muslims is strong in Soviet Asia. However, popular movements want to assert their cultural and national identity rather than become submerged within an Islamic entity of which they would be junior members.

In addition to these grandiose notions, more pragmatic ideas of regional cooperation and limited unification are also being discussed. For example, the Uzbeks and Kazakhs have talked of uniting, and the notion of recreating the historic Turkestan has surfaced. The governments of the five Central Asian republics have also agreed to economic cooperation. Some have even suggested the formation of a Transcaucasian Federation by uniting Georgia, Armenia and Azerbaijan. Most Armenians, how-

ever, look to the West for material and spiritual support because of their shared Christianity and the existence of a large Armenian diaspora in Europe and the United States. Some Armenians envisage better ties with Iran as a counterweight to Turkey and potential Turkish-Azerbaijan cooperation.

CONCLUSIONS

As a result of President Mikhail Gorbachev's reforms, Soviet Asian republics have developed assertive popular movements and are emerging as budding independent actors. These popular movements are essentially anticolonial, reformist and nationalist. Long-suppressed resentment over Russian Soviet dominance, disillusionment with the results of socialism, revolt against economic stagnation and environmental degradation, and the desire for cultural self-assertion are their primary motivations. Religion—both Islam and Christianity—is an important force, largely as an alternative to socialism and as the moral and spiritual foundation of their emerging independent societies.

However, these movements are faced with significant challenges; they must develop a clear sense of their cultural and political identity and a vision of the future shape of their societies and the character of their external ties. Thus, before they succeed in transforming themselves from Russian appendages into viable cultural, economic and political units and full-fledged members of the international community, they will have to pass through a period of transition. This transitional stage could be long and painful and could entail considerable instability for these republics and for their neighbors. What is certain, however, is that they will no longer remain isolated from the rest of the world.

SOVIET POLITICS

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the Communist party. Many Yeltsin supporters felt that the future of the reforms depended on whether Gorbachev and Yeltsin could put aside their differences and realize how much they actually had in common.

Yeltsin is often described as a demagogue, and there is much truth to this. But the original Greek meaning of demagogue was "leader of the people," and it was applied in the ancient Greek city-state to what was then a new Greek invention: a political leader whose power base came from the people rather than from a king or an aristocratic elite. In this sense of the word, history will undoubtedly honor Boris Yeltsin for being the Soviet Union's first demagogue.

Yegor Ligachev has also rejected Gorbachev's straddling act, but he has chosen to remain loyal to

the party. Ligachev has been pictured as the man you love to hate in the reformist press, and this has had its effect on Western images. A more balanced view sees him as a man sincerely committed to the party as the only institution able to hold Soviet society together. But his very defense of the party in the new political environment has forced him to contradict his principles. In an effort to mobilize support for traditional party principles, Ligachev was forced to reach out to new types of organization like the United Workers Front and the Peasant Union.

All through 1989, Ligachev insisted that there were no fundamental divisions within the Politburo. He was soon thereafter involved in a public slinging match with fellow Politburo member Shevardnadze over responsibility for the decision to use troops in Tblisi, Georgia, in 1989. At the twenty-eighth party congress, Ligachev himself decided to run against Gorbachev's candidate for deputy party leader. Ligachev's defeat in this contest did not mean the end of his career, but it did mean the death of his effort to preserve the traditional style of leadership by the party.

COOPERATION FROM BELOW?

So far, discussion has focused on the role of national leaders, a topic on which world press attention has been centered. Just as important in the long run are efforts to create new forms of political cooperation at lower levels. These experiments are hard to find and even harder to evaluate, but their outcome will decide the fate of Soviet politics.

Often it is the disintegration of authority itself that leads to a creative response. The challenge posed by ideological polarization has led to an insistence on finding new forms of political culture that would end the traditional reliance on the image of the enemy and would allow civilized debate. At the party congress, Aleksandr Yakovlev eloquently called for an end to the civil war in people's thinking and to the atmosphere of suspicion created by the rule of Joseph Stalin. He emphasized that one precondition for this transformation was a new openness to the outside world.

One of the new parties built its political platform on the need for a new political tolerance. The Constitutional Democrats took their name from the main liberal party of prerevolutionary Russia. According to spokesmen at their founding congress, the aim of the party was to move to a civil society based on the market and the role of law, without turning the party apparatus and the many talented people who work there into enemies.

The regional diffusion of authority also created new risks and possibilities. One of the most striking developments of the year was the rise of reformist

coalitions that came to dominate republican legislatures, as well as city councils. In Moscow, the new reformist city council was headed by Gavriil Popov and in Leningrad by Anatoly Sobchak — two prominent reform spokesmen whose secure executive positions allowed them to follow Yeltsin's lead and to leave the party altogether. Less dramatic shifts in power also took place in provincial cities like Yaroslavl. This reanimation of previously moribund councils meant that local government might collapse and that feuding between the city councils and the entrenched party structures might bring basic services to a standstill. Much of the credit for avoiding this outcome must go to what Sovietologist Blair Ruble calls a new politics of compromise: people who previously only shouted at each other now had to sit down and work together.

Another risk created by the new regional self-assertiveness was the breaking of necessary links between regions — a situation that could degenerate into the economic civil war previously mentioned. In response, attempts were made to create a new sort of direct horizontal contact to replace the old link that was mediated through the center. Yeltsin's offer to establish trading ties between the Russian republic and Lithuania was only the most dramatic of these efforts.

A third risk was that reforms in one region would so far outstrip the rest of the country that a national market would become less viable. When the legislature of the Russian republic moved quickly to establish an independent monetary policy, there were fears that this would further weaken the ruble and perhaps even cause the Russian republic to print its own money. In response, legislators pointed out that only action from below would break the logjam of institutional reform at the center created by innumerable bureaucratic commissions and special interests. Regional self-assertion might tear the country apart, but it might also quicken the pace toward a common goal.⁶

A PARABLE

An episode that occurred in spring, 1990, will give us a concrete illustration of the complicated interaction between forces leading to breakdown and forces leading to revolutionary renewal.⁷

In May, when the Soviet government announced its long-awaited economic transition measures, the only item that caught the attention of the public was the proposal for a giant increase in the prices of staple goods. The response was a mass outbreak of panic buying and hoarding. This produced an intolerable strain on the Moscow retail system. In one

store, ten tons of flour were sold in two hours. In order to save itself from the chaos surrounding it, the city authorities allowed only Moscow residents, to make purchases.

This infuriated the surrounding localities. Under the centralized distribution system, Moscow has enormous privileges. This is tolerable to other regions only to the extent that people can visit Moscow — often called the Soviet Union's shopping center — to make their purchases. Now it looked as if Moscow was selfishly hoarding its privileges. The angry population demanded that food shipments to Moscow be cut off or rerouted to the empty shops of the suburbs. People in Moscow suspected darkly that "sausage passions" were being manipulated to discredit the new reformist city council.

But the situation also called forth creative efforts to bridge the ominous gap between city and hinterland. The new Moscow government tried to reassure the suburban population that it was a temporary measure and that not all stores were closed; it even offered to refuse the local products apportioned to the city by the State Planning Council. The situation also sparked a more intense search for long-term solutions that would end Moscow's anachronistic privileges. Some members of the Moscow city council demanded a quick transition to free market prices for Moscow goods as a way of opening the city permanently.

This episode reveals the forces at work in Soviet society today. To the tensions inherited from the past are added the frustrations engendered by today's economic and political crisis. The most obvious response is mutually destructive measures of self-protection. But the crisis can also galvanize constructive efforts to build new bridges between people. It is the race between breakdown and renewal that will decide the fate of Soviet society. ■

THE EUROPEAN REPUBLICS

(Continued from page 324)

organizational base from which to resist such change.

Informal political groups and clubs of varying political orientation, from conservative nationalists to radical democrats, have been active in the Russian republic for several years.¹² Candidates supported by the still-inchoate democratic movement won significant victories in Moscow in the 1989 elections to the national Congress of People's Deputies. In anticipation of the spring, 1990, elections, democratically inclined groups and clubs were organized more effectively and established networks of cooperation that produced major electoral

⁶See the discussion by M. Berger in *Izvestia*, July 1, 1990.

⁷My account is based on material in *Moscow News*, nos. 22 (June 10, 1990) and 24 (June 24, 1990).

¹²Vera Tolz, "Informal Political Groups Prepare for Elections in R.S.F.S.R.," *Report on the U.S.S.R.*, vol. 2, no. 8 (February 23, 1990), pp. 23-28.

victories for their candidates across the Russian republic. These victories placed the governments of Moscow, Leningrad and other major cities under the leadership of coalitions of democratic forces intent on accelerating the pace of economic and political reforms. This has established the basis for the creation of a genuinely democratic national political party in the Russian republic, with significant organizational and institutional links to the masses.

The potential scope of popular support for democratization was demonstrated by the large-scale pro-democracy rallies held in cities across the Soviet Union in late February, 1990. Despite a concerted effort by the Communist leadership to discourage participation, more than 100,000 people turned out in Moscow, and correspondingly large crowds turned out in other cities. But the weakness of democratic forces in the Russian republic was demonstrated in May, 1990, when Boris Yeltsin, the immensely popular advocate of radical reform and critic of Gorbachev, won election as chairman of the newly elected republic parliament. It took three rounds of balloting to secure a slim, four-vote margin of victory over the conservative candidate backed by Gorbachev and the party apparatus.

While democratic forces hold only limited power in the increasingly important parliamentary institutions of the republic, the elections held in March, 1990, demonstrated that conservative groups, and especially the Russian nationalist groups that had been particularly active before the elections, cannot mobilize significant support at the polls. None of the candidates supported by the conservative and nationalist Bloc of Russian Public-Patriotic Movements for election to the R.S.F.S.R. congress of people's deputies from Moscow, for example, were able to secure electoral victory.¹³

Instead, Russian nationalist and conservative forces have had to establish their political base within the Russian Communist party organization. These forces are heavily represented in the large party apparatus of the Russian republic and the central state and party bureaucracies in Moscow, and they enjoy the organizational support of the large Leningrad party organization. In March, 1990, Gorbachev was persuaded to allow the establishment of a separate Communist party organization for the Russian republic. As was to be expected, these conservatives seized control of the Russian party at its organizing congress in June; they have since blended their conservative positions with appeals to Russian nationalist sentiments.

Democratic forces in the Russian republic appear

unwilling, however, to allow such appeals to go unchallenged. In late May, 1990, radical members of the democratic opposition organized a new political party called the Democratic party of Russia, which is dedicated to the dismantling of Communist power and the restoration of separate statehood for Russia. In addition, on assuming leadership of the republic parliament, Yeltsin asserted the "sovereignty" of Russia and extended his moral support to the Lithuanian leadership.

Conservative forces apparently suffer from a further disadvantage: control of a regional Communist party organization, even one as large and powerful as the Russian organization, may no longer offer the political advantages that it did in the past. The power and influence of parliamentary institutions at the national level and in the republics are growing. And changes adopted at the twenty-eighth party congress, held in July, 1990, have stripped the national and regional party organizations of much of their power. Therefore, the political struggle in the Russian republic between democratic and conservative forces seems to have just begun. Each will have to undertake extensive efforts to mobilize popular support and build organizational strength. Inevitably, these efforts will contribute to the further polarization of Soviet politics.

The dominant political conflict in the Soviet Union today is between forces supporting democratization and forces opposed to it. Where the national idea is allied with the democratic ideal, as it is for the Baltic peoples, the Ukrainians, the Georgians and other groups not reviewed here, it has provided a very powerful basis for mobilizing mass political participation and electoral support. Where appeals to nationalism have been employed to generate support for resistance to democratization, however, they have failed, as in the Russian republic. This suggests that the emotional power of nationalism, usually associated with the outbreak of violent intergroup conflict, may accelerate the process of change in the U.S.S.R. Indeed, there is fragmentary evidence to suggest that Gorbachev's hostile reaction to the Lithuanian declaration of independence may have galvanized the democratically inclined opposition movements on the peripheries into greater cooperation. In early May, 1990, leaders of popular movements in Estonia, Latvia, the Ukraine, Belorussia, Azerbaijan, Armenia, Georgia and Uzbekistan established a coalition called the Union of Democratic Forces that supports continued democratization. If this group were to ally itself with democratic forces in the Russian republic, a democratically inclined opposition could be organized and the transformation of the Soviet Union might be achieved peacefully.

Once a multinational coalition has overthrown

¹³John Dunlop, "Moscow Voters Reject Conservative Coalition," *Report on the U.S.S.R.*, vol. 2, no. 16 (April 20, 1990), pp. 15-17.

the old order, however, it will have to decide how the new order will be organized, power will be exercised and decisions will be made. Recent episodes of interethnic violence in the Soviet Union, as well as the experience of other multinational regimes, suggest that any attempt to resolve these issues peacefully will involve the dissolution, not the transformation of the Soviet Union. This is why Gorbachev has failed. He cannot achieve democratization and preserve the Soviet Union, and he is unwilling to preside over the dissolution of his country. ■

ECONOMIC REFORM

(Continued from page 320)

the workplace or on the basis of residence permits. This trend was given considerable impetus in May, 1990, with the badly botched attempt to triple the price of bread—an attempt that angered critics and supporters of the transition to a market economy, further reduced popular support for the government and for Gorbachev himself, emptied stores and strengthened the perception on the part of the government and the public that price reform is dangerous.

Fear of price reform has been a problem since the earliest days of perestroika. Widely acknowledged as a critical ingredient of the reform package, reform of the pricing mechanism has nevertheless been postponed time and again. Despite the goal of addressing the imbalances in the economy (both macroeconomic and microeconomic) before removing state controls from prices, repeated delays seem only to have aggravated the situation. Giving enterprise managers greater control over the size of their wage funds and giving employees greater control over the selection of enterprise managers has meant a growing disparity between the rate of increase in wage funds and the rate of growth of output. Even if this difference in growth rates were significantly reduced by the government imposition of high taxes on increases in enterprise wage funds or its reestablishment of a system of appointed rather than elected managers for state enterprises (which seems unlikely), the vast pool of existing savings would continue to pose a very real threat to price reform.

Unless the reformers can devise a way to absorb a significant portion of this stock of savings, any attempt to remove state control over prices will lead to dramatic increases in prices. One means of eliminating the savings is monetary reform, but this is generally considered too unpopular to risk. More attractive alternatives have been proposed and even introduced, though so far on a very modest scale. These include the sale of stocks, the importation of luxury consumer items that can be sold at very high prices, the sale of special zero-interest bonds guar-

anteeing the right to buy certain scarce consumer durables at specified dates in the future and the sale of the state's huge stock of housing.

Each has its drawbacks. The sale of shares in joint-stock companies has so far been restricted for ideological reasons to workers of the given enterprises; the balance of trade is already negative; foreign companies have begun to halt deliveries to the Soviet Union because of delays in payment; and foreign banks have become less and less generous in granting credit. At the same time, "guarantees" of future delivery of consumer durables are likely to be viewed with considerable skepticism, and the decision of the Moscow City Council in early July simply to give away the housing stock to current tenants has surely complicated the option of selling state apartments.

Microeconomic imbalances also give little sign of shrinking. The frenzied buying in May, 1990, as people chose to stock up on goods rather than to wait until after the announced increases in price went into effect on July 1, is the most dramatic illustration of the problem so far, but it is by no means the only illustration. It has been clear for some time that more and more Soviet citizens have been stockpiling more and more consumer goods—matches, soap, toilet paper, vegetable oil—as a protection against inflation, monetary reform or further disruption in the production, transportation and distribution systems. Nor are shortages limited to the consumption sphere. As of January, 1990, according to one report, light industry and textile enterprises in the Russian republic had been ensured delivery of only 65 percent of the cotton fiber, 75 percent of the plasticized rubber for soles of shoes, 86 percent of the raw silk and 86 percent of the dyestuffs needed to fulfill their production plans for 1990.¹⁶

There have been some attempts to address the shortages of individual goods through price increases, but these have been notably unsuccessful. The retreat in May has probably been the most embarrassing, but the government was also forced to cancel increases in the price of diesel fuel, electric power rates and freight rates, scheduled to go into effect at the beginning of this year, after strong opposition from the labor unions. Proposed increases in the price of beer and cigarettes, intended largely to provide the government budget with sorely needed revenues, were rejected by the Supreme Soviet in 1989.

As the official estimate of the rate of inflation makes clear, however, some prices have been rising. These increases have been carried out primarily by enterprises, rather than by the state pricing authorities; in many cases they have been achieved by curtailing production of less expensive items and

¹⁶*Izvestia*, January 26, 1990, p. 2.

increasing production of more expensive versions. This practice has been facilitated by the considerable degree of monopoly power enjoyed by most Soviet producers (according to Ed Hewett, senior fellow at the Brookings Institution, for only one-third of Soviet goods are there more than two suppliers),¹⁷ and this is now, somewhat belatedly, recognized as one of the major obstacles to price reform.

If enterprises are free to set prices for themselves, the absence of competition will almost certainly ensure that prices will rise, so reform of the pricing mechanism must be preceded by measures to create competitive pressures. To some extent, the decision to legalize cooperative enterprises was an early attempt to create such pressures. Ironically, the problems the cooperative movement has faced have been due largely to delay in carrying out price reform. The reform program passed by the Supreme Soviet in June calls for a different approach, namely breaking up existing industrial monopolies. Few specifics about how—or how rapidly—the breakup is to be carried out have been offered, however, so little progress is likely soon, unless Gorbachev chooses to use his powers of presidential decree to accelerate the pace. But perhaps he will follow the advice of economist Nikolai Petrakov, a member of the Presidential Council, to transform 2,200 enterprises (accounting for 70 percent of the country's fixed industrial assets) into a much larger number of joint-stock companies within two years.¹⁸ In that case, perhaps the impasse to real economic reform can be overcome.

TIME RUNNING OUT

At the twenty-eighth party congress in July, 1990, Gorbachev implied that there was a two-year deadline for bringing about substantial improvement in the state of the economy. Whether the public will give the government even these two years is unclear. Secessionist pressures continue to build in a number of republics, including the Russian republic under its new president (and ex-party member), Boris Yeltsin. Public opinion polls reveal a growing sense of frustration and a lack of confidence in the Soviet leadership's ability to solve the country's problems. Economic performance continues to deteriorate. The foreign aid that has been offered by the West is not expected to make much difference.

Things are bad and getting worse. Poland's "shock therapy" has been rejected, but gradualism will work only if an appropriate sequence for the various elements of the reform can be designed, and

experience to date suggests that it cannot. In May, Igor Gryazin, a member of the Supreme Soviet from Estonia, predicted:

This government will fall because it is unwilling to introduce a market. . . . The next government will fall because it will introduce a market. Then we'll have the third government, and maybe things will start to be normal.¹⁹

Igor Gryazin may indeed be correct. ■

SOVIET-AMERICAN RELATIONS

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the consensus on this issue at the Houston summit of Western economic powers. Thus two favorable sets of developments confronted Gorbachev in late June and early July—both NATO and the Group of Seven were moving toward policies that accommodated Soviet interests.

Nonetheless, Gorbachev's leadership was powerfully challenged throughout the spring in Moscow. (One of the charges was that he had "lost Eastern Europe.") He faced a variety of political challenges but finally secured his power with the twenty-eighth Communist party congress in early July.¹⁵

Thus the German question was settled on July 16, when Gorbachev and Kohl met in Zheleznovodsk. They had agreed on German unification. The new Germany would have "unrestricted sovereignty." Germany was free to join NATO, provided that no NATO structures would be built on East German soil during the three to four years in which Soviet troops would be withdrawn. Germany would make a binding declaration to reduce German forces to 370,000 under the auspices of a Vienna agreement on conventional forces.¹⁶ Germany followed Kohl's success with careful assurances to Poland that the German-Polish border would be honored. The eight months of maneuvering were over. Once again Gorbachev's "new thinking" had provided him with the vision and flexibility to make major concessions in promoting a new international system.

The military challenge. There is no question that President Gorbachev's repeated concessions have encountered opposition. His unilateral ban on

¹⁵Gorbachev's victory was established by the end of the congress, and symbolized by the retirement of his conservative critic, Yegor Ligachev; see *The New York Times*, July 14, 1990, pp. 1, 4. But his real victory was the transfer of power from the Politburo, which he diluted with additional members and from which he removed the powerful ministers of defense, foreign affairs and the chief of the KGB, to the Presidential Council, over which he presides without the interference of the party bureaucracy.

¹⁶See *The New York Times*, July 17, 1989, pp. 1, 6, for the Caucasus summit, and *ibid.*, July 18, 1990, pp. 1, 4, for the pledge to Poland.

¹⁷*The New York Times*, June 2, 1990, p. 27.

¹⁸*Pravda*, April 26, 1990, p. 2.

¹⁹*The New York Times*, May 27, 1990, p. 10.

nuclear tests in 1985 and 1986, his compromises to obtain a treaty reducing intermediate nuclear forces (INF) in 1987, his announcement of a unilateral reduction of 500,000 troops in 1988 and even his withdrawal from and subsequent disavowal of Soviet military action in Afghanistan have all touched sensitive military interests and have created opponents among the professional military.

However, it has become increasingly difficult to judge how powerful the challenge to Gorbachev's policies actually is. As perestroika and glasnost have evolved, political institutions have become more differentiated, and the Soviet system has revealed the kind of diversity of views that is taken for granted in democracies abroad. Gorbachev's own reforms have provided the mechanism for dissent and legitimized complaint. Some of the political-military tensions that American analysts observed in the spring of 1990 are little more than the product of this differentiation. But not all evidence can be dismissed as "business as usual" in the new style of Soviet politics. Gorbachev's national security policies came under steadily more vocal attack during 1989-1990, although he was usually not the explicit target.

First, there have been a series of purely military issues. The armed forces have been attacked from within and without for failure to provide decent living conditions for officers and draftees. Treatment of recruits has been singled out as particularly inhumane; this issue has had explosive nationalist content in the Baltic republics, where alleged brutality against Lithuanian draftees gave powerful impetus to the drive for secession.

The new Soviet Parliament groped toward effective oversight of defense and foreign policy in the summer of 1989. It was inevitable, of course, that the new mechanisms for parliamentary involvement in matters formerly reserved for professional military, intelligence and diplomatic officials would create resentment. One of the first steps of the Su-

¹⁷These issues have flooded the military press for the past year or more.

¹⁸For discussion of the earlier debates, see this author's article in *Current History*, October, 1988, and Stephen M. Meyer, "The Sources and Prospects of Gorbachev's New Political Thinking on Security," and R. Hyland Phillips and Jeffrey I. Sands, "Reasonable Sufficiency and Soviet Conventional Defense: A Research Note," both in *International Security*, Fall, 1988, pp. 124-178.

¹⁹See, for example, an interesting discussion on Moscow television between Marshal Sergei Akhromeyev and Andrei Kokoshin and Aleksandr Bovin, both leading civilian analysts, as found in FBIS, March 12, 1990, pp. 67-75.

²⁰The debate over what should be made public was given impetus by the very process of democratization. For one of the most interesting arguments by a military man for greater openness, see Major General V. Kuklev in *Krasnaya zvezda*, November 5, 1989, p. 3, as translated in FBIS, November 7, 1989, pp. 1-2.

preme Soviet in military affairs was the demand that the army release more than 170,000 students who had been drafted from the universities.¹⁷ These issues have provoked discussion in the military press and sharp disagreement between elements of the officer corps and civilian commentators.

Second, while Gorbachev had been largely successful in imposing his general framework of a new "defensive military doctrine" and "reasonable sufficiency" by 1989, some remnants of military resistance had carried over from the vigorous debates of 1987-1988.¹⁸ Some officers continued to dispute the political leadership's view that the "threat" posed by NATO and United States forces had diminished as a consequence of Soviet foreign policy; they argued that Soviet forces were only adequate to meet it. The clear implication was that there was no margin for further unilateral cuts in Soviet military power. However, the arguments of civilian analysts that Soviet forces and policies had provoked countermeasures by their adversaries, that Soviet forces had actually achieved superiority in the name of countering those on the other side and that the Soviet Union could withdraw and reduce its forces at the same time that it continued to guarantee national security had all become standard and had moved to the center of the debate over defense by early 1990.¹⁹

Third, and more important, an open political fight developed over defense spending for the first time in modern Soviet history. It was provoked initially by the need to provide more adequate public data on the size and composition of the defense budget so that the Supreme Soviet could perform its fiscal responsibilities. Data was released during 1989 that was more detailed and credible than had ever been made public. This process contributed to a larger discussion of secrecy in national security matters, and civilian specialists cried out vigorously for the release of more and better data on many features of Soviet policy—the composition of military forces, their costs, the nature and scope of military and economic assistance abroad.²⁰ By late 1989, a full-scale and public debate on Soviet defense spending had erupted.

Fourth, during the first half of 1990, Georgi Arbatov, director of the prestigious Institute for the United States of America and Canada, a Central Committee member, a deputy to the Congress of People's Deputies and an adviser to Gorbachev, began systematically dissecting data released by the Ministry of Defense and, thereby, the military role in policy. He was vigorously attacked in the military press. Eventually Marshal Sergei Akhromeyev, also an adviser to Gorbachev and a man with whom Arbatov had worked frequently, joined the attack. The exchange became vitriolic and per-

sonal, a certain sign that the stakes were high and the issues deeper than a political discussion between civilian and military authorities.²¹ Political-military tensions were running high.

Finally, as Gorbachev prepared for the twenty-eighth party congress in early July, 1990, stories leaked in Washington and Moscow that he was under attack from the military. He sought to use the 45th anniversary of victory in World War II in Europe as a symbol of unity, but did not quell the rumors.²² His policies were, in fact, attacked publicly at the congress for having weakened the Soviet Union—in Europe, by unilateral force reductions and by failing to stand up to the West. All these charges had adherents among professional military officers, although the degree to which these complaints represented the thinking of the armed forces could not be determined with accuracy. Gorbachev beat back these opponents at the congress, but the challenge to his authority on these questions in the spring of 1990 almost certainly required that he take further measures to bring the uniformed military into line with his policies.

Arms control: Malta and Washington. Despite growing military dissent, Gorbachev kept Soviet policy on track, concluding both a strategic arms reduction treaty (START) and a treaty on conventional forces in Europe (CFE). Again the bargaining was intense, and it was complicated by the full Soviet agenda. There were two fundamental sets of issues. On the issue of strategic arms limitations, both sides continued to work to complete the details of agreements reached between Gorbachev and United States President Ronald Reagan. With regard to conventional arms, the challenges were even greater because the issues were multilateral, involving the forces of NATO and the Warsaw Pact, at least implicitly, under conditions in which politics threatened constantly to render agreement irrelevant.

The first major step toward completing these two negotiations came during a visit by Soviet Foreign Minister Eduard Shevardnadze to Secretary of State James Baker's vacation home in Jackson,

²¹This debate continued. A sampling of the most important pieces can be found in *Ogonek*, no. 5 (January, 1990), p. 4, as translated in FBIS, March 16, 1990, pp. 9–11; *Krasnaya zvezda*, March 21, 1990, p. 2, and in *Literaturnaya Rossiya*, March 23, 1990, p. 17, as translated in FBIS, April 12, 1990, pp. 67–70.

²²Throughout May and June, there were extraordinary indications of political strife in Moscow. See an unusual Soviet article discussing the Gorbachev–Ligachev fight, *Izvestia*, May 24, 1990, p. 4; see also *Ogonek* editor Vitaliy Korotich's article on the possibility of a military coup, no. 23 (May, 1990), p. 4.

²³The most extraordinary development on the Krasnoyarsk radar station came on October 23, when Foreign Minister Shevardnadze admitted before the Supreme Soviet that it had been a violation of the 1972 ABM Treaty, *The New York Times*, October 24, 1989, pp. 1, 4.

Wyoming, in September, 1989. Shevardnadze had brought a letter from Gorbachev to President Bush in Washington en route to the Tetons; the combination of the letter and the Wyoming meeting brought real progress. Soviet leaders agreed for the first time to inspection of some strategic nuclear weapons before the signing of a treaty. Apparently, they also backed down on an earlier demand that the United States extend the 1972 Antiballistic Missile (ABM) Treaty for ten years, a ploy intended to restrict the development of Star Wars technology. And, for the first time, Soviet negotiators pledged to dismantle their radar station at Krasnoyarsk, an installation that the United States had long believed was a violation of that same ABM Treaty.²³

Shevardnadze concluded his very cordial visit to the United States by addressing the United Nations General Assembly on September 26, where he endorsed an idea earlier revived by President Bush for “open skies” arms control inspection and proposed a complete abolition of chemical weapons. START and CFE were given a further nudge when Gorbachev met with President Bush for the first time in Malta, December 2–3, 1989. No significant agreements came out of that meeting, yet in atmospheric Malta was a great success. The two Presidents met on the United States cruiser *Belknap* and on the Soviet cruise ship *Maxim Gorky*, a fact that provided dramatic television coverage in both capitals. But the real purpose was for President Bush to demonstrate his support for changes taking place in the Soviet Union and for Gorbachev's tolerant policies toward East Europe, points he made in Brussels to his NATO colleagues on his way home.

The summit had been intended to speed up both START and CFE by committing the chiefs of state to that purpose and communicating their determination to reach agreements in 1990 to bureaucracies in Washington and Moscow. By the time Baker actually went to Moscow in early February, President Bush had taken a major initiative on conventional arms. In his first State of the Union speech, the President proposed that Soviet and American troops in Central and East Europe be reduced to 195,000 each. This proposal drove the proposed ceilings down from the 275,000-troop targets that had been the focus of the Vienna CFE negotiations; at the same time, the President suggested that the United States be compensated for the distance that it would have to travel to reinforce its troops by being permitted to leave an additional 30,000 troops elsewhere in Europe, principally in Britain and Italy. Secretary Baker went to Moscow on February 9–10, and announced at the end of that visit that the two sides were closer on both conventional forces and on German reunification. On the former, Gorbachev was reported to accept the new, lower ceil-

ings—either 195,000 or 225,000—but wanted equal ceilings for both the United States and the Soviet Union.

A SIGNIFICANT CHANGE

This, in itself, was a significant change in the Soviet position because Soviet forces had been developed and deployed not only to equal United States forces, but to be capable of offensive operations against the combined NATO armies. Moreover, the 195,000-troop ceiling would require a reduction of 370,000 Soviet troops and only 110,000 American troops.

Baker also reported progress on Germany, but Gorbachev insisted that while a reunited Germany might have a loose association with NATO, it could not be a full member. Although some progress was made on START, for example on agreements concerning encryption and “reloadable” intercontinental ballistic missiles (ICBM’s), the two sides remained far apart on the issues of air-launched (ALCM’s) and sea-launched (SLCM’s) cruise missiles.

Issues other than arms control continued to intrude into the Washington summit agenda. Soviet émigrés were being settled on the West Bank in Israel. Lithuania was still under pressure. Boris Yeltsin had been elected president of the Russian republic inside the Soviet Union, and speculation continued about whether Gorbachev was strong enough to cut final deals on arms control. And, of course, the German settlement was one month away.

Still, a framework agreement was signed for START when the two Presidents met from May 30 to June 3.²⁴ It had been in the works for many months, and its major components went back to the Reykjavik summit between Gorbachev and President Reagan. Each side would agree to limit its strategic forces to 6,000 warheads (or re-entry vehicles, RV’s). Of these, 4,900 could be deployed on SLBM’s and ICBM’s, the remainder being carried by aircraft. The total of ICBM’s, SLBM’s and strategic aircraft (delivery vehicles, DV’s) could be no more than 1,600. Moreover, an additional sub-ceiling required that no more than 3,300 warheads could be based on ICBM’s. The framework agreement left sea-launched cruise missiles (SLCM’s) out of START and provided controls for ALCM’s. Modernization of ICBM and SLBM forces were to be strictly controlled. Procedures for verification would be thorough.

The two Presidents made progress on CFE as well. Issues of verification, tank reductions and pro-

cedures for their destruction were reportedly resolved, but the difficult issue of which aircraft to limit remained unresolved. The summit did nail down a variety of other agreements. On chemical weapons it was agreed to destroy 50 percent of each side’s arsenals by 1999 and to stop production of new weapons of this type. A major trade agreement was signed that might pave the way for Soviet membership in the General Agreement on Tariffs and Trade (GATT). The Soviet concession to allow verification of nuclear testing permitted completion of agreements that were originally signed in 1974 and 1976. In addition, less significant agreements were signed on the environment and on scholarly cooperation.

Moreover, the two sides tentatively agreed to two more summits, perhaps in 1990, to sign the completed START and CFE treaties. In all, the Washington summit made progress but it also reflected the degree to which the superpower relationship has been complicated by other problems not directly manageable by either side.

WHAT THE FUTURE HOLDS

The summer of 1990 carried auguries of the future. Presidents Bush and Gorbachev could not complete their agenda before the Washington summit. Too many extraneous issues had intruded—from Soviet domestic affairs, from East Europe and from the Middle East. There were still technical details to iron out on arms control, but these seemed within reach, indeed had been within reach by the Shevardnadze visit to Washington in April. Their solution may well provide further summits in 1991. Nonetheless, although the Washington and Malta summits were disappointing, the White House and the Kremlin put the best face on things, and each was rewarded by solid achievement and flashy media coverage.

But nothing could erase the impression made by the quiet success of the Kohl meeting with Gorbachev in the Caucasus just a month after the Washington summit. The world has changed in one year. The United States and the Soviet Union are still global superpowers, at least in military terms, but reductions in East-West tensions and political change in East Europe have greatly accelerated trends in international affairs away from military power. Economic power is clearly becoming more important as a currency of influence. Both Washington and Moscow must put their economic houses in order, although their tasks are not comparable in magnitude.

The world still depends on these two powers for its survival. But the nuclear threat, which has driven world politics for 45 years, seems more manageable and, therefore, less significant in 1990. ■

²⁴ *The New York Times*, June 2, 1990, p. 8, carries the best summary.

THE MONTH IN REVIEW

A Current History chronology covering the most important events of August, 1990, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Arab League

(See *Intl, Persian Gulf Crisis*)

Economic Community (EC)

Aug. 4—The 12 EC members impose an embargo on oil imports from and arms shipments to Iraq.

Economic Community of West African States (Ecowas)

(See also *Liberia*)

Aug. 7—Meeting in Banjul, Gambia, Ecowas members agree to send troops by land and sea to Liberia to evacuate foreign nationals, impose a cease-fire and install an interim government that will organize free elections.

Organization of Petroleum Exporting Countries (OPEC)

Aug. 29—Meeting in Vienna, OPEC members authorize key producers to pump as much oil as possible to help make up for lost production from Iraq and Kuwait.

Palestine Liberation Organization (PLO)

(See *Intl, Persian Gulf Crisis*)

Persian Gulf Crisis

(See also *Intl, OPEC, UN, WEU; Germany, West; Japan; Libya; U.S., Foreign Policy*)

Aug. 1—Iraqi troops invade Kuwait and enter Kuwait City.

Aug. 2—Iraqi troops seize Kuwaiti oil fields. Kuwait's Emir, Sheik Jaber al-Ahmad al-Sabah, flees to Saudi Arabia.

U.S. President George Bush condemns the invasion and asks the world's leaders to join the U.S. action against Iraq.

The U.S. sends 2 aircraft carriers to the Persian Gulf area; the U.S. fleet there is thus enlarged from 6 to 8 ships.

The Soviet Union, Iraq's chief arms supplier, announces that it is suspending arms shipments to Iraq.

The U.S., France and Great Britain freeze Kuwaiti and Iraqi assets in their countries totaling \$30 billion.

Aug. 3—In Moscow, Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State James Baker 3d issue a joint statement calling for a worldwide embargo on arms for Iraq because of its "brutal and illegal invasion of Kuwait."

Iraq deploys armored brigades close to the border between Kuwait and Saudi Arabia.

Aug. 5—Japan joins the oil embargo against Iraq and Kuwait.

Aug. 6—Two British frigates leave Kenya and Malaysia to join another British ship already in the Persian Gulf.

U.S. Defense Secretary Dick Cheney meets with Saudi Arabian government leaders; Saudi King Fahd grants the U.S. permission to station U.S. troops in Saudi Arabia.

Aug. 7—In "Operation Desert Shield," the U.S. orders thousands of paratroopers, an armored brigade and jet fighters to Saudi Arabia to protect that country in the event of an Iraqi invasion.

Complying with the UN sanctions, Turkey orders an end to trade with Iraq and the shutdown of Iraqi oil pipelines in Turkey.

Aug. 8—Iraqi President Saddam Hussein announces that Iraq is annexing Kuwait.

Aug. 9—The U.S. State Department reports that the Iraqi government has ordered the detention of thousands of foreigners in Kuwait and Iraq. Iraq has also ordered the closure of foreign embassies in Kuwait and has announced that embassy personnel must move from Kuwait to Baghdad by August 24.

Aug. 10—12 of the 21 members of the Arab League vote to approve the sending of troops to defend Saudi Arabia; Libya and the PLO refuse to approve this action.

Soviet President Mikhail Gorbachev urges Arab leaders to "begin active work to settle the conflict" in the Persian Gulf.

U.S. officials announce that as many as 100,000 U.S. troops will be sent to Saudi Arabia in the coming months.

Aug. 11—Egyptian and Moroccan troops begin landing in Saudi Arabia; Syria says it will also send troops.

Aug. 12—President Bush orders the U.S. military to prevent Iraq from exporting oil and receiving non-food imports.

Aug. 13—Pakistan pledges to send troops to help defend Saudi Arabia.

Iraq seizes \$4 billion in gold and other assets from Kuwaiti financial and commercial institutions.

Aug. 18—Iraqi officials announce that as many as 10,000 American and other foreign hostages trapped in Iran and Kuwait will be moved to Iraqi military bases and other strategic areas to shield these areas in the event of an attack.

A U.S. warship fires several shots across the bow of an Iraqi tanker after it refuses to stop to be searched.

Aug. 19—Iraq offers to free its foreign hostages in return for a U.S. military withdrawal from the Gulf. The U.S. dismisses the offer.

Aug. 20—The Netherlands sends 2 ships to the Persian Gulf.

The United Arab Emirates agrees to allow the U.S. to station troops on its territory.

Aug. 21—Saddam Hussein sends Iraqi Foreign Minister Tariq Aziz to Amman to talk to Jordan's King Hussein about possible peace talks with the U.S.

French President François Mitterrand announces that France will send troops to the Persian Gulf area; France has already sent 8 warships.

Egyptian President Hosni Mubarak appeals to Saddam Hussein to "avoid a vicious war."

Aug. 22—The U.S. announces that it is joining Austria, Great Britain, Denmark, Finland, Italy, Spain, Sweden, the Soviet Union and West Germany in keeping its embassy in Kuwait open. Embassy personnel dependents and nonessential staff are to be evacuated.

The U.S. announces that other countries taking part in operations against Iraq include Kuwait, Saudi Arabia, Bahrain, Syria, Great Britain, France, the Soviet Union, Morocco, Greece, Spain, Belgium, the Netherlands, Luxembourg, Italy, Portugal, Denmark, Canada and Australia.

Aug. 23—Saddam meets with British hostages, including children; the meeting is shown on Iraqi television and is broadcast abroad.

Aug. 24—Iraqi troops in Kuwait surround the embassies of the U.S. and other countries that have defied Iraq's order that

embassy personnel must move to Baghdad at once.

Soviet President Gorbachev warns that Iraq will face additional UN sanctions if it does not withdraw from Kuwait and free its hostages.

Aug. 25—U.S. officials say that electricity has been turned off at the U.S. embassy in Kuwait; services have been disrupted at several other embassies.

Aug. 26—52 dependents of U.S. embassy staff members in Kuwait are released by Iraqi officials in Baghdad and allowed to escape to Turkey.

Aug. 27—Reversing previous orders, Iraq instructs its merchant ships not to resist inspection by ships enforcing the UN-sanctioned blockade.

U.S. officials order 36 members of the Iraqi embassy staff in the U.S. to leave by August 30.

Qatar agrees to make military sites available to the multinational forces opposing Iraq. Saudi Arabia, Bahrain, Oman and the United Arab Emirates have already made some facilities available to the U.S.

Aug. 28—Saddam Hussein announces that all foreign women and children detained in Iraq will be allowed to leave. Since Iraq has annexed Kuwait, this release presumably includes foreign women and children in Kuwait.

By decree, Saddam Hussein declares Kuwait the 19th province of Iraq and renames Kuwait City Kadhima.

Aug. 30—Soviet Deputy Foreign Minister Aleksandr Belonogov criticizes the U.S. military buildup in the Persian Gulf, saying "there are no guarantees that the United States will leave Saudi Arabia after the crisis is over."

Lloyd's List International reports that on August 28, a U.S. warship stopped, searched and barred a Sri Lankan cargo ship from entering Aqaba.

United Nations (UN)

(See also *Intl, Persian Gulf Crisis; Liberia; Libya; Saudi Arabia; U.S., Foreign Policy*)

Aug. 2—14 of the 15 members of the Security Council vote to condemn Iraq's invasion of Kuwait, demand Iraq's withdrawal and threaten to invoke mandatory sanctions against Iraq under Articles 39 and 40 of the UN Charter; Yemen abstains from voting.

Aug. 6—Acting under Chapter 7 of the UN Charter, the Security Council votes, 13 to 0, to impose trade and financial sanctions against Iraq and occupied Kuwait, demands the immediate withdrawal of Iraqi forces, and prohibits UN members from buying Iraqi or Kuwaiti oil or engaging in financial or commercial transactions with Iraq or Kuwait; Yemen and Cuba abstain from voting.

Aug. 9—The Security Council votes unanimously to declare the Iraqi annexation of Kuwait null and void.

Aug. 25—Citing Chapter 7 of the UN Charter, the Security Council votes to allow the U.S. and other countries "to use such measures commensurate to the specific circumstances as may be necessary" to halt and search ships to enforce the UN embargo against Iraq. Yemen and Cuba abstain from voting.

Aug. 26—Secretary General Javier Pérez de Cuéllar says he will meet Iraqi Foreign Minister Tariq Aziz in Amman, Jordan, in an effort to mediate the Persian Gulf crisis.

Aug. 28—After 8 months of negotiations, the 5 permanent members of the Security Council announce 5 points of agreement on a political settlement, including a UN-controlled interim administration, to end the 20-year Cambodian civil war; the 4 contending factions in Cambodia must also consent to this agreement.

Aug. 31—With some reservations, the government of Cambodian Prime Minister Hun Sen agrees to consider the UN-

sponsored peace plan for Cambodia; the other 3 factions have approved the plan.

De Cuéllar meets with Iraqi Foreign Minister Tariq Aziz in Amman, Jordan.

Western European Union (WEU)

Aug. 21—WEU members agree to increase and coordinate their naval activities in the Persian Gulf, and to reject Iraq's demands that they close their embassies in Kuwait.

AFGHANISTAN

(See also *U.S., Foreign Policy*)

Aug. 1—President Najibullah arrives in Moscow; he says that it is only a coincidence that he is there while U.S. Secretary of State James Baker 3d is meeting with Soviet Foreign Minister Eduard Shevardnadze.

ANGOLA

Aug. 28—Government and rebel representatives hold a 2d day of peace talks in Lisbon to end their 15-year civil war; Portuguese mediators attempt to persuade the 2 sides to agree on the basic points of a cease-fire accord.

AUSTRALIA

(See *Intl, Persian Gulf Crisis*)

AUSTRIA

(See *Intl, Persian Gulf Crisis*)

BAHRAIN

(See *Intl, Persian Gulf Crisis*)

BELGIUM

(See *Intl, Persian Gulf Crisis*)

BRAZIL

Aug. 19—Brazil's economy minister says that Brazil has no plans to make payments on its foreign debt in 1990.

BULGARIA

Aug. 1—Parliament elects Zhelyu Zhelev, the leader of the Union of Democratic Forces (the opposition coalition), as President; he succeeds Petar Mladenov, who resigned the presidency in July.

Aug. 26—Rioters storm the Socialist party headquarters and set fire to the building to protest continued Communist influence; about 15,000 sympathizers rally outside.

BURKINA FASO

(See *Liberia*)

CAMBODIA

(See *Intl, UN; U.S., Foreign Policy*)

CANADA

(See *Intl, Persian Gulf Crisis*)

COLOMBIA

Aug. 7—César Gaviria Trujillo is inaugurated as President.

Aug. 22—Colombian security police announce the arrest of the Medellín drug cartel's "chief assassin."

CUBA

(See *Intl, UN*)

DENMARK

(See *Intl, Persian Gulf Crisis*)

EGYPT

(See *Intl, Persian Gulf Crisis*)

EL SALVADOR

Aug. 20—Three days of peace talks between the government and leftist guerrillas fail to produce a cease-fire.

FINLAND

(See *Intl, Persian Gulf Crisis*)

FRANCE

(See *Intl, Persian Gulf Crisis*)

GAMBIA

(See *Intl, Ecovas; Liberia*)

GERMANY, EAST

(See also *Germany, West*)

Aug. 19—The Social Democratic party (SDP) leaves the ruling government coalition, denying the coalition a parliamentary majority; the departure of the SDP members was precipitated by Prime Minister Lothar de Maizière's dismissal of 2 Social Democrats from the Cabinet on August 15.

Aug. 21—After meeting with the leaders of the 12 parliamentary factions, de Maizière says a majority of the parties in Parliament have agreed to set October 14 as the date for German reunification.

Aug. 22—Parliament votes, 294 to 62, to reunite with West Germany formally on October 3; the West German constitution does not require that the West German government ratify this decision.

GERMANY, WEST

(See also *Intl, Persian Gulf Crisis; Germany, East*)

Aug. 1—The East and West German governments agree to hold all-German elections on December 2.

Aug. 7—The Social Democrats refuse to take part in elections earlier than November, when the legislative term ends; they ask for unification before the all-German elections.

Aug. 20—Foreign Minister Hans-Dietrich Genscher announces that West Germany will not send warships to the Persian Gulf; it will not violate its constitutional ban against sending warships on "out of area" combat missions.

Aug. 30—Genscher says that reunited Germany will limit its air and ground forces to 345,000.

Aug. 31—Representatives of East and West Germany sign a treaty that details the process of reunification.

GHANA

(See *Liberia*)

GREECE

(See *Intl, Persian Gulf Crisis*)

GUINEA

(See *Liberia*)

HUNGARY

Aug. 3—Parliament selects Arpad Goncz as President; Goncz, a writer who is a member of the opposition Alliance of Free Democrats, is the only candidate approved by all 6 parties in Parliament.

INDIA

(See also *Pakistan*)

Aug. 6—12 leaders of Kashmir's separatist movement are captured in Srinagar by Indian troops.

Aug. 12—The government reports that in a raid on August 10 to capture Kashmiri separatist militants, government troops killed 24 people; an Indian newspaper puts the toll at 45.

Aug. 21—The Indian Army sends tanks and troop reinforcements to the cease-fire line that separates the Pakistani-occupied and Indian-occupied areas of Kashmir.

IRAN

(See *Iraq*)

IRAQ

(See also *Intl, EC, OPEC, Persian Gulf Crisis, UN, WEU; Japan; Jordan; Libya; Saudi Arabia; Venezuela*)

Aug. 15—Iraq offers to settle its 8-year war with Iran on Iran's terms, including an equal division of the Shatt al-Arab estuary. Iran says it will review the offer "with optimism."

IRELAND

(See *Lebanon*)

ISRAEL

(See also *U.S., Foreign Policy*)

Aug. 9—Israel conducts the 1st test of its Arrow air-defense missile.

ITALY

(See *Intl, Persian Gulf Crisis*)

JAPAN

(See also *Intl, Persian Gulf Crisis*)

Aug. 4—*The New York Times* reports that Soviet and Japanese negotiators have failed to resolve their differences over the sovereignty of the Kurile islands; Soviet Foreign Minister Shevardnadze will travel to Tokyo in September to continue the discussions.

Aug. 22—Japan offers financial aid to any Middle East country that suffers from the embargo against Iraq.

Aug. 23—The Nikkei stock index falls a total of 8.1 percent in 2 days, to its lowest level since February, 1988; fear of fighting in the Persian Gulf, the falling American stock market and rising interest rates are cited as causes for the decline.

Aug. 29—Japan announces a plan to help finance the international effort against Iraq; U.S. officials criticize the plan for its lack of direct aid and for its financial restrictions. Japan's constitution prohibits Japan from providing military aid.

JORDAN

(See also *Intl, Persian Gulf Crisis*)

Aug. 16—After meeting with U.S. President Bush in Washington, D.C., King Hussein refuses to promise unequivocally to halt shipments to Iraq through the Jordanian port of Aqaba; supplies are reaching Iraq through Aqaba.

Aug. 23—With tens of thousands of refugees arriving daily, Jordan officially abandons its plan to close its border to refugees from Kuwait and Iraq.

KENYA

(See *Intl, Persian Gulf Crisis*)

KOREA, NORTH

(See *Korea, South*)

KOREA, SOUTH

Aug. 16—More than 4,000 students gather near the border with North Korea to attend an outdoor mass for Korean unification. After the mass, some 200 students confront riot police blocking the border gate.

KUWAIT

(See *Intl, OPEC, Persian Gulf Crisis, UN, WEU; Jordan; Saudi Arabia; Venezuela*)

LEBANON

- Aug. 14—The Organization of the Palestinian Revolutionary Squads frees a Swiss hostage after 10 months in captivity; on August 9, another Swiss hostage was released.
- Aug. 22—Parliament alters Lebanon's constitution to give Muslims more political power; the President must be Christian, but many presidential powers have been transferred to the half-Christian, half-Muslim Cabinet, and the Muslim Prime Minister is to countersign all presidential decrees.
- Aug. 25—Brian Keenan, an Irish hostage held for more than 4 years, is freed by the terrorist group Islamic Dawn.

LIBERIA

(See also *Intl, Ecowas; U.S., Foreign Policy*)

- Aug. 1—Rebel leader Charles Taylor says that he is willing to accept help from President Samuel K. Doe's army to defeat a rival rebel leader, Prince Yormie Johnson, before resuming his antigovernment battle.
- Aug. 3—After a 1-day lull (during which Johnson apparently pulled back his forces), government and rebel troops resume fighting in Monrovia.
- Aug. 8—The British Foreign Office reports that Johnson has released hostages he seized on August 6-7; Liberian officials say 2,000 West African troops are being sent to Liberia, supported by Ecowas, to impose a cease-fire and help set up an interim government that will exclude current combatants.
- Aug. 9—Nigeria asks the U.S. and other UN Security Council members to support a West African peacekeeping force expected to arrive in Liberia in 10 days.
- Rebels led by Taylor battle government forces in the Monrovia suburbs.
- Aug. 10—Nigerian officials agree to send more than 3,000 troops to Liberia to evacuate foreign nationals and impose a cease-fire; Ghana, Guinea, Sierra Leone and Gambia are also sending troops.
- Aug. 13—Taylor agrees to meet with Gambian President Dawda Kairaba Jawara, the leader of the 5-nation West African peacekeeping force, to discuss a cease-fire. Both Johnson and Doe say that they will cooperate with the peacekeeping force.
- Aug. 20—Doe rejects a cease-fire proposal because it requires that he resign.
- Aug. 22—Peace talks in Banjul, Gambia, between West African leaders and Taylor supporters collapse.
- Aug. 25—The West African peacekeeping force of 3,500 begins to advance into Monrovia.
- Aug. 28—Western and African diplomats report that the West African peacekeeping forces have established control over the port area of Monrovia and that Burkina Faso has begun to send troops and weapons to support President Doe.
- Aug. 31—The Ghana News Agency reports that rebels led by Taylor have killed about 200 foreigners, including civilians and members of the West African peacekeeping force.

LIBYA

(See also *Intl, Persian Gulf Crisis*)

- Aug. 20—Head of State Colonel Muammar Qaddafi condemns Iraq for taking hostages and says he will send troops to the Persian Gulf if the UN requests them.

LUXEMBOURG

(See *Intl, Persian Gulf Crisis*)

MALAYSIA

(See *Intl, Persian Gulf Crisis*)

MOROCCO

(See *Intl, Persian Gulf Crisis*)

MOZAMBIQUE

- Aug. 1—The national press agency announces that President Joaquim Chissano has agreed to permit opposition parties to compete for power for the 1st time; he says that the ruling Mozambique Liberation Front (Frelimo) has voted to adopt a multiparty system.
- Aug. 14—Government and rebel leaders conclude 3 days of talks in Rome in an effort to end their 13-year conflict.

MYANMAR

- Aug. 24—Diplomats report that in the last 2 weeks, military authorities have detained about 500 people in Yangon for questioning in connection with political unrest following the army's August 8 shooting of Buddhist monks in Mandalay.

THE NETHERLANDS

(See *Intl, Persian Gulf Crisis*)

NIGERIA

(See *Liberia*)

OMAN

(See *Intl, Persian Gulf Crisis*)

PAKISTAN

(See also *Intl, Persian Gulf Crisis; India*)

- Aug. 6—President Ghulam Ishaq Khan dismisses the government of Prime Minister Benazir Bhutto, accusing it of corruption, nepotism and illegal acts. Khan says elections will be held October 24. Opposition member Ghulam Mustafa Jatoi is sworn in as Prime Minister of the interim government.
- Aug. 7—Bhutto claims her ouster was planned by the army.
- Aug. 9—*The New York Times* reports that Ijaz ul-Haq, the son of the late President Mohammad Zia ul-Haq, has decided to enter politics in anticipation of the October elections.
- Aug. 12—Reuters news service reports that the government has arrested supporters of Benazir Bhutto.
- Aug. 13—The Defense Ministry says that on August 12, at the cease-fire line that runs through Kashmir, Indian troops clashed with Pakistani soldiers. India has denied that a battle occurred.
- Aug. 15—*The New York Times* reports that Jatoi has named a Cabinet that includes many members of Bhutto's Pakistan People's party.

PERU

(See also *U.S., Foreign Policy*)

- Aug. 9—Peruvian troops patrol the streets of Lima to prevent riots in the wake of yesterday's announcement by the government of a 3,000 percent increase in gasoline prices and enormous food price increases.

PHILIPPINES

- Aug. 29—President Corazon Aquino says she is willing to negotiate cease-fires with Communist guerrillas and with rebel soldiers who have tried to overthrow her government.

PORTUGAL

(See *Intl, Persian Gulf Crisis; Angola*)

QATAR

(See *Intl, Persian Gulf Crisis*)

ROMANIA

Aug. 26—For the 5th night, antigovernment demonstrators protesting Communist elements in the government clash with police in Bucharest.

SAUDI ARABIA

(See also *Intl, Persian Gulf Crisis; U.S., Foreign Policy*)

Aug. 18—Saudi Arabia says it will increase its oil production by 2 million barrels a day, half the shortfall caused by the UN-sanctioned embargo on Iraq and Kuwait.

Aug. 22—Saudi Arabia begins diverting hundreds of thousands of barrels of jet and diesel fuel to the U.S. military.

SIERRA LEONE

(See *Liberia*)

SOUTH AFRICA

Aug. 1—President F.W. de Klerk and African National Congress (ANC) deputy president Nelson Mandela meet for 3 hours; they decide to reopen negotiations August 6.

Aug. 6—After a 15-hour negotiating session with the government, the ANC says it has ordered an end to its 30-year guerrilla war against apartheid; Mandela calls this decision a "cease-fire."

Aug. 10—Government troops are sent to Port Elizabeth to assist police, who are fighting rioters; in 3 days of clashes, more than 42 people have been killed.

Aug. 16—After 3 days of clashes in townships east of Johannesburg, fighting between supporters of the ANC and supporters of the Inkatha movement led by Zulu chief Mangosuthu Gatsha Buthelezi spreads to Soweto.

Aug. 22—Factional fighting in townships east and west of Johannesburg continues for a 10th day despite yesterday's appeals by the government and the leaders of Kwa Zulu and Transkei; over 500 are reported to have died.

Aug. 24—The government designates 27 black townships, including Soweto, "unrest areas" and gives police broad authority to arrest and search people without warrants.

Aug. 27—In Soweto and other black townships, tens of thousands of black workers strike in protest against the factional violence. At a rally in Soweto, Archbishop Desmond Tutu accuses the police of encouraging the violence.

Aug. 28—In Johannesburg, police raid the headquarters of the largest black labor union and arrest several of its senior leaders on charges of assault; union members reportedly kidnapped a black undercover officer and beat him.

Aug. 31—De Klerk says that members of all races should be allowed to join the governing National party.

SPAIN

(See *Intl, Persian Gulf Crisis*)

SRI LANKA

(See also *Intl, Persian Gulf Crisis*)

Aug. 4—At 2 mosques in eastern Sri Lanka, Tamil rebels fire on worshipers, using machine guns and grenades; more than 100 people are killed. This is the 2d such attack this week.

Aug. 7—Government troops kill 42 Tamil militants believed responsible for the massacre of Muslim villagers in several attacks during the past week.

Aug. 12—Tamil rebels attack Muslims, killing at least 119 people. A Tamil politician says that the attack is a retaliation for Muslim attacks on Tamil villagers on August 11.

Aug. 14—In villages near Batticaloa, Tamil villagers are at-

tacked; about 85 people are killed. Muslims are suspected of carrying out the attacks in retaliation for the Tamil killing of nearly 400 Muslims in the past several days.

Aug. 22—The air force strafes targets in Jaffna in a new offensive to suppress Tamil rebels there; civilians were warned on August 21 to stay out of the line of fire.

Aug. 26—The army reports that it has captured Mandaitivu Island, a stronghold of Tamil separatist guerrillas near Jaffna; the government offers to reopen peace talks with the rebels.

Aug. 28—A government spokesman says that the Tamil guerrillas have opened a new front in eastern Sri Lanka.

SWEDEN

(See *Intl, Persian Gulf Crisis; U.S.S.R.*)

SWITZERLAND

(See *Lebanon*)

SYRIA

(See *Intl, Persian Gulf Crisis*)

TRINIDAD AND TOBAGO

Aug. 2—More than 100 gunmen, who captured 46 hostages including Prime Minister Arthur N.R. Robinson and half the Cabinet in a 5-day siege, release their captives and surrender unconditionally.

TURKEY

(See *Intl, Persian Gulf Crisis*)

U.S.S.R.

(See also *Intl, Persian Gulf Crisis; Afghanistan; Japan; U.S., Foreign Policy*)

Aug. 1—President Mikhail Gorbachev and Russian republic president Boris N. Yeltsin establish a 12-member commission to design an economic reform program for the Soviet Union by the beginning of September; Yeltsin has written a "500-days" program that calls for a radical break toward a market economy.

Aug. 9—The newly elected president of the Armenian republic, Levan Ter-Petrosyan, says that the Soviet government has agreed not to send troops to Armenia to disarm militant nationalists. Gorbachev set August 9 as the deadline for voluntary disarmament under the threat of forcible seizure by Soviet troops.

Aug. 12—Gorbachev terms "illegal" a declaration by the Estonian parliament on August 7 that says Estonia is no longer a part of the Soviet Union.

Aug. 22—Soviet troops expel Armenian guerrillas from the Kazakh border region of Azerbaijan; the guerrillas have been attacking villagers and the soldiers sent to intervene.

Aug. 23—Near the Soviet border with Poland, 20,000 people protest KGB (secret police) control of travel in and out of Lithuania.

Armenia issues a declaration of independence.

Estonia begins formal talks with the Soviet government regarding its secession.

Turkmenia declares that its laws take precedence over Soviet laws.

Aug. 24—Tass, the official news agency, reports that in Ufa, more than 100 people were injured in an explosion at a chemical factory on August 23; the blast also polluted drinking water.

Tajikistan declares that its laws take precedence over Soviet laws.

Aug. 25—Reuters news service reports that on August 24, after 2 nights of disturbances, about 1,500 people in Chelyabinsk marched on the Communist party headquarters to protest shortages of food and consumer goods.

Aug. 27—For the 1st time, Soviet officials agree to allow an international commission to investigate the fate of Raoul Wallenberg, a Swedish diplomat who disappeared during World War II after his attempts to rescue Jews from the German Nazis. Soviet authorities contend that Wallenberg died in 1947.

Aug. 29—Armenia's parliament declares a state of emergency after a member is killed by a paramilitary faction.

Aug. 30—The Armenian government says it has banned a paramilitary group in Yerevan and disarmed its leaders.

Aug. 31—Gorbachev says that a 6-month period is necessary to stabilize the economy before a transformation to a market economy can begin.

UNITED ARAB EMIRATES

(See *Intl, Persian Gulf Crisis*)

UNITED KINGDOM

Great Britain

(See *Intl, Persian Gulf Crisis*)

UNITED STATES

Administration

Aug. 24—President George Bush sends Congress his proposal for a federal employee pay raise of 3.5 percent on January 1, 1991.

Aug. 29—The Census Bureau announces preliminary 1990 census figures; the nation's population is estimated to be nearly 246 million.

Aug. 30—Energy Secretary James Watkins outlines a "short-term strategy" for raising domestic oil production and encouraging conservation.

Economy

(See also *Japan*)

Aug. 1—The Commerce Department reports that its index of leading economic indicators was unchanged in June.

Aug. 3—The Labor Department reports that the nation's unemployment rate rose to 5.5 percent in July, the sharpest increase in almost 4 years.

Aug. 10—The Labor Department reports that its producer price index declined 0.1 percent in July.

Aug. 16—The Labor Department reports that its consumer price index rose 0.4 percent in July.

Aug. 17—The Commerce Department reports that the nation's foreign trade deficit in June was \$5.07 billion, the lowest level in 7 years.

Aug. 19—In a report to Congress, the Agriculture Department says that 1.3 million more people received food stamps in the period between May, 1989, and May, 1990; in that period, the stamps reached more than 20 million recipients.

Aug. 23—Crude oil prices reach \$31.93 per barrel, a price rise of 75 percent since July.

The New York Stock Exchange's Dow Jones industrial average of 30 blue-chip stocks falls to 2,483.42, the lowest level in 13 months.

Aug. 28—The Commerce Department reports that the U.S. foreign trade deficit for the 2d quarter of 1990 reached \$22.6 billion, its lowest level in 6 years.

Aug. 29—Oil prices decline to \$25.92 a barrel on the New York Mercantile Exchange, down \$4.99 a barrel from the week's high.

Foreign Policy

(See also *Intl, Persian Gulf Crisis, UN; Afghanistan; Japan; Jordan; Liberia*)

Aug. 1—Secretary of State James Baker 3d meets with Soviet Foreign Minister Eduard Shevardnadze in Irkutsk, U.S.S.R., to discuss Afghanistan, arms control and the possibility of another summit meeting; they announce that the Soviet Union has agreed to suspend production of the SS-24 rail mobile missile system.

Aug. 5—225 U.S. Marines are sent to Monrovia, Liberia, to evacuate U.S. citizens and their dependents because of threats to their safety; the State Department reports the evacuation of 73 people, mostly U.S. embassy personnel and dependents.

Aug. 6—At the Vietnamese mission to the UN, U.S. and Vietnamese diplomats begin discussions about Cambodia.

Aug. 8—In Lima, Peru, Vice President Dan Quayle urges Peru to accept a \$36-million military aid package that is designed to help Peru battle the Shining Path guerrillas.

Aug. 19—The U.S. Marines evacuate 800 people from Liberia.

Aug. 28—President Bush briefs members of Congress about the Persian Gulf crisis.

The Defense Department announces plans to sell Saudi Arabia \$6-billion worth of advanced military equipment, including F-15 fighter planes, for immediate delivery.

Aug. 30—In a Washington, D.C., news conference, President Bush calls on allies in the Persian Gulf crisis to "bear their fair share" of the cost of the military efforts in the Gulf.

Aug. 31—Administration officials announce that the U.S. is planning to match the recent arms sale to Saudi Arabia with a similar \$1-billion arms package for Israel.

Labor and Industry

Aug. 27—The General Motors Corporation (GM) announces that air bags will be installed on the driver's side of all new GM cars in the U.S. beginning in the fall of 1995.

Legislation

Aug. 18—President Bush signs the \$882-million Comprehensive AIDS (Acquired Immune Deficiency Syndrome) Resource Emergency Act, which authorizes direct federal grants to the 16 cities with the highest incidence of AIDS cases; a separate appropriations bill is needed to obtain funds.

President Bush signs a measure that authorizes the spending of up to \$1 billion to clean up oil spills; it also sets stricter standards for oil tanker construction.

Aug. 20—President Bush signs a law that restricts the export of unprocessed logs that come from state-owned lands; about one-fourth of the logs in the northwest are shipped to more profitable foreign markets.

Military

(See also *Intl, Persian Gulf Crisis; Saudi Arabia*)

Aug. 23—The Defense Department announces the call-up of 40,000 reserve troops to report for active duty.

VENEZUELA

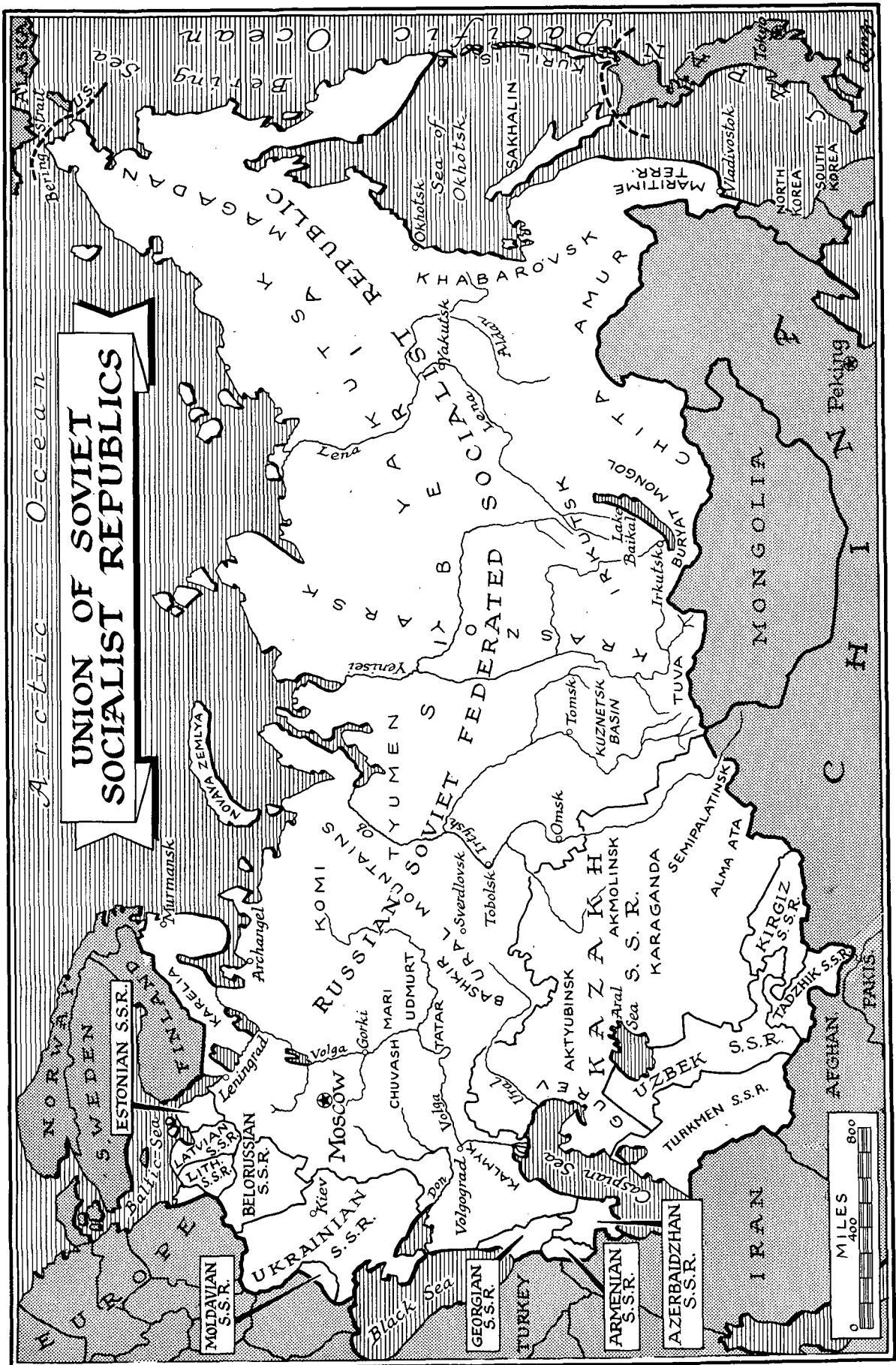
Aug. 23—Minister of Energy and Mines Celestino Armas announces that Venezuela will increase its oil production by 25 percent to offset oil not shipped because of the embargo against Iraq and Kuwait.

VIETNAM

(See *U.S., Foreign Policy*)

YEMEN

(See *Intl, UN*)



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